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Testimony

In Opposition To

LD 1144: An Act to Reinstate the Property Tax Stabilization Program

Jan Kosinski, Government Relations Director, Maine Education Association

Before the Taxation Committee

April 2nd, 2025

Senator Grohoski, Representative Cloutier and other esteemed members of the Taxation Committee,

My name is Jan Kosinski, and I am the Director of Government Relations for the Maine Education Association (MEA). The MEA represents nearly 24,000 educators, including teachers and other educators in nearly every public school in the state, as well as full-time faculty and other professional and support staff in both the University of Maine and Community College systems. Thousands of retired educators continue their connection and advocacy work through the MEA- Retired program.

I offer this testimony today on behalf of the MEA in OPPOSITION to LD 1144, *An Act to Reinstate the Property Tax Stabilization Program.*

I have appeared before this Committee many times during this session and raised concerns about the reliance on property taxes, especially to fund Maine's public schools. Our concerns are not just anecdotal. In fact, according to the Lincoln Institute for Land Policy, in Maine, over 56% of revenue for local services comes from the property tax. The average reliance on property tax in the United States is 30% of locally generated revenue. Maine is below New Hampshire (60%) and Connecticut (59%) yet above Massachusetts (50%) and well above Vermont (22%) in terms of reliance on the property tax for local services.[1] This is exactly why I have testified in support of increasing the Homestead Exemption and the Property Tax Fairness Credit. Both programs provide targeted property tax relief and support to those needing it the most.

LD 1144, however, attempts to reinstate a flawed program that never should have been approved in the first place, and we oppose this effort.

The original property tax stabilization, LD 290, *An Act To Stabilize Property Taxes for Individuals 65 Years of Age or Older Who Own a Homestead for at Least 10 Years* was passed during the the 130th Legislative Session. The real tragedy was the flawed process that led to the passage of this bill. The legislative record on this bill was incomplete and even inaccurate, and the process of finally passing it was unseemly and problematic. The passage created a false hope for seniors. Once the full impact was discovered, the program was repealed the following year.

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[1] Please see, Lincoln Institute for Land Policy, State by State Property Tax At A Glance, Visualization Tool, found here: [Visualization Tool - Lincoln Institute of Land Policy]

The public hearing on LD 290 was held in the Tax Committee on May 12, 2021, and one work session was held on May 25, 2021, where the bill was voted on. The majority report recommended "ought not to pass" while the minority report was "ought to pass as amended." In June of 2021, the "minority ought to pass as amended" passed both the House and the Senate, and the bill was parked on the Special Appropriations Table and then carried over when the Legislature adjourned sine die on July 19, 2021. The bill was left on the Special Appropriations Table, untouched, until April of 2022 when, during the usual and customary process of the four caucuses dividing up the remaining state budget resources, the bill was prioritized by one caucus and moved through the process without further debate, analysis, or scrutiny. The bill became law without the Governor's signature.

The fiscal note on both the original bill and the amended version was inaccurate. The fiscal note on the original bill included approximately $70,000 in the first year to cover the cost of one appraiser and a half time appraiser. In the second year, the fiscal note included a little over $2 million to cover the costs of reimbursing cities and towns for the cost of freezing the property taxes. The fiscal note in no way told the story of the actual costs of this original proposal. It creates a new major state program with a significant tail. The costs would have grown exponentially, the longer the program continued. I am certain some voters and municipal elected leaders are suspicious about trusting the state to fulfill its promises, especially after schools and towns waited nearly two decades to meet the 55% state funding requirement for schools.

Putting aside the procedural issues with the original proposal, we have concerns with this proposal before the Committee.

First, given our experience with LD 290, we are deeply concerned the state does not have an accurate accounting of the full cost of the proposal. Before proceeding, we encourage the state to conduct a thorough analysis to truly understand the full fiscal impacts of the proposal, especially if the state is going to be on the hook to completely refund cities and towns for the cost of the program.

Second, we appreciate that this version includes a means test by capping the amount at $900,000 of assessed value. However, this figure is more than double the average assessment value of homes in Maine. The original version of the program found in LD 290 had no cap, meaning extremely wealthy seniors living on the coast or elsewhere could have had their property taxes frozen, even though they could pay their fair share to help fund local schools and programs.

Third, we fear this proposal will raise property taxes on others to compensate for any shortfalls. Cities and towns may have to raise taxes from others to make up for the frozen taxes of others, especially if the state fails to follow through on the commitment outlined in the proposal to fund the cost of the freeze.

Lastly, we feel there are better solutions such as the Homestead Exemption and Property Tax Fairness Credit that can provide more targeted relief to more Mainers without unintended consequences or other concerns in the original version of this program.

Thank you for your attention and your service and I will do my best to answer any questions you may have.