

Testimony in Opposition to LD 1481 An Act to Amend the Law Governing Stabilization of Property Taxes on Homesteads of Individuals 65 Years of Age or Older and LD 1541 An Act to Provide Property Tax Relief for Senior Residents

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Sen. Grohoski, Rep. Cloutier, and members of the Taxation Committee, my name is Maura Pillsbury and I am a tax policy analyst at Maine Center for Economic Policy. We are testifying in opposition to both LD 1481 and LD 1541.

Both of these bills would restore the property tax stabilization program previously repealed by the Legislature because it was fiscally unsustainable and poorly targeted to help older Mainers who need it most stay in their homes. They take different approaches. LD 1481 limits the income at which older Mainers may qualify, while LD 1541 fully exempts all Mainers over 65 from property taxes. Under both bills, the State is still responsible for reimbursing municipalities 100% of the cost of the program.

LD 1481 would reinstate the program starting in 2025, increase the required amount of time qualifying participants must own a homestead in Maine from 10 to 20 years, and create a cap of \$75,000 of federal adjusted gross income to qualify. The bill also eliminates the requirement for an annual application and instead only requires the applicant to file a written request stating that they are still eligible. Finally, it closes a loophole from the prior program that allowed recipients to move homes and retain their previous stabilized property tax amount.

LD 1541 revises the language for the property tax stabilization program to instead fully exempt anyone over 65 years old from property taxes beginning in 2027. The bill adds eligibility for anyone who will turn 65 during the property tax year, and specifies up to 1 acre of property around the homestead is also exempt. The bill also changes the homestead requirement to require 10 consecutive years in the same homestead prior to applying. To qualify, applicants must annually submit an affidavit to the municipality that they qualify. The bill also provides evaluation parameters for OPEGA to use in conducting a review.

The fiscal impact of LD 1541 would be significant. This bill would unfairly transfer the property taxes of older Mainers who can afford them onto the rest of the people in their communities, including low income families and individuals. This doubles down on the failed idea under the former property tax stabilization program that all older Mainers cannot afford to pay property taxes. While some older Mainers struggle to stay in their homes due to the rising cost of property taxes, some do not. Requiring the rest of the community to pick up the tab for wealthier older Mainers who can well afford their property taxes, while siphoning money away from education and community services, is wrong.

We appreciate the sponsor's attempt in LD 1541 to limit recipients of the program to low- and middle - income older Mainers. However, we still believe that property tax stabilization is an inherently flawed program that cannot be fixed and should not be reinstated. Under this proposal, anyone who has owned a home less than 20 years will not benefit, while those with significant assets and large, expensive homes may. The bill requires self-reporting of eligibility without any requirement for verification. These resources would be better directed to helping housing insecure older Mainers stay in their homes.

Thank you for your time. I would be happy to answer any questions. maura@mecep.org