



DATE: March 16, 2023

TO: Senator Nicole Grohoski, Chair
Representative Joe Perry, Chair
Members, Joint Standing Committee on Taxation

FROM: Thomas Record
Vice President, Maine Association of Retirees

SUBJECT: LD 130, An Act to Eliminate Senior Citizen Property Tax Stabilization and
Expand the Homestead Property Tax Exemption

Senator Grohoski, Representative Perry, and Members of the Committee, I am Thomas Record and am Vice President of the Maine Association of Retirees (MAR), a nonprofit organization comprised of public service retirees including state retirees, retired educators, and retirees from participating local districts.

MAR's perspective is that while the bill would provide substantial financial benefit to many of our members, it also contains a significant flaw that many of our members would also likely be uncomfortable with.

The Property Tax Stabilization Program which was enacted during the 130th Legislature is designed to protect senior citizens who are permanent Maine residents and who have qualified for the Maine homestead exemption for at least 10 years from property tax increases. This is accomplished by "freezing" their property tax liability at the level it was at in the year of application. Importantly, revenue not collected from qualifying seniors is not lost to municipalities, but is made up through state reimbursement.

LD 130 proposes to replace the Property Tax Stabilization Program with a \$75,000 homestead exemption for permanent residents of Maine who are 65 years old or older and have resided in the homestead for the preceding 10 years. The homestead exemption is otherwise \$15,000. While the large increase in the homestead exemption would undoubtedly provide a very substantial benefit to many senior citizens, the proposal has a flaw that we believe will make it unpalatable to many. The bill contains no mechanism to reimburse municipalities for property tax revenue lost due to the \$60,000 increased homestead exemption. Therefore, we would expect Maine's town and cities to need to increase their mil rate to make up the difference. This will have the effect of pitting seniors against their neighbors in their communities. It is MAR's sense that many of our members were comfortable with the Property Tax Stabilization Program only when they learned it did not place them in conflict with their friends and neighbors.

We would also note that while the intent of the bill seems to be to repeal the Property Tax

Stabilization Program enacted by the 130th Legislature, nothing in the bill actually does that.

MAR is ready to participate in work sessions on the bill or to provide whatever other assistance the Committee may require.

CC Senator Rick Bennett

Leading the Way for Maine Retirees

280 Maine Avenue, Farmingdale, ME 04344
Telephone Number: (207) 582-1960
1-800-535-6555
(207) 707-1722 FAX

William H. Laubenstein III – *President*
Diane M. Bailey – *Executive Director*
email: MAR@MaineRetirees.org
www.maineretirees.org