



MAINE MUNICIPAL ASSOCIATION SINCE 1936

60 Community Drive | Augusta, ME 04330-9486
1-800-452-8786 (in state) | (t) 207-623-8428
(f) 207-624-0129

Testimony of the Maine Municipal Association (MMA)

Neither for Nor Against

LD 888, *An Act to Expand Property Tax Relief for Veterans and Survivors of Veterans*,
LD 892, *An Act to Expand Property Tax Relief for Veterans and Their
Surviving Spouses, Minor Children and Parents*, and
LD 909, *An Act to Expand Property Tax Relief for Veterans and Their Survivors*

March 13, 2025

Senator Grohoski, Representative Cloutier and distinguished members of the Joint Standing Committee on Taxation, my name is Amanda Campbell, and I am submitting testimony neither for nor against LDs 888, 892, and 909 on behalf of the Maine Municipal Association's 70-member Legislative Policy Committee (LPC).

This session, the LPC proactively established a platform of bills intended to bolster and support the property taxpayers of Maine. Through initiatives across the legislative board, they are committed to protecting the interests of their residents and to reducing the burden of property taxes.

Municipal officials overwhelmingly appreciate the service and sacrifices made by our nation's veterans and their families.

These three bills look to provide increased property tax exemptions for Maine's veterans and their survivors. All three bills mirror exactly Rep. Hymes' amendment to LD 1737, which was introduced in the 131st legislature and was passed out of committee and passed to be enacted, making it off the special appropriations table before dying at the conclusion of session.

The bills propose to amend the property tax exemptions provided to veterans by increasing the exemption value relative to a veteran property owner's Veteran's Administration (VA) Disability Rating. Essentially, the higher the rating, the higher the value of the exemption. The bill would also remove the age requirement, offering a \$5,000 exemption to any eligible veteran. Those over age 62 with no disability rating would maintain the current \$6,000 exemption.

Municipal officials offer several thoughts regarding this change, the most important of which is how will municipalities be reimbursed for the lost revenue? Currently, veteran exemptions are reimbursed at

varying rates, and LD 888 and the other similar bills would require a state reimbursement of only 50% of the increased exemption, leaving the property taxpayers to fund the unreimbursed portion. As the committee has routinely heard, exemptions for targeted populations of residents are of significant value for those residents but simply shift the tax burden of that missing revenue to the entire community, including the recipients of the benefit.

Currently, only one other municipal operation requires officials to interpret and understand a veteran's disability rating paperwork. Tax collectors and municipal motor vehicle agents are instructed to contact a local VA official if they are unable to determine from the documentation if a veteran is eligible for motor vehicle registration fee and excise tax exemptions. These forms can be extremely confusing, sometimes even for the veteran. Additionally, since disability ratings can change over time, clarification would be needed that the veteran, and not the local assessor, would be responsible for ensuring that the municipality has accurate data.

Additionally, this change will likely require all currently eligible veterans to reapply for the exemption and new calculations processed, a significant administrative task for municipal assessors. The Maine Revenue Services' 2023 Municipal Valuation Return Statistical Summary reports 37,077 current active veteran exemptions, statewide. Reprocessing these applications would be in addition to any new applications received because of the expanded eligibility.

Thank you for your consideration of the municipal perspective on this important topic. Please feel free to contact any member of the LPC or the MMA Advocacy team with any questions relating to municipal operations.