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Testimony of the Maine Municipal Association (MMA)

In Support of

*LD 140, An Act to Incrementally Increase the Homestead Property Tax Exemption and
LD 658, An Act to Lower Property Taxes by Increasing the Homestead Property Tax Exemption
And*

In Opposition to

*LD 7, An Act to Increase the Homestead Property Tax Exemption for Residents
65 years of Age and Older,
LD 559, An Act to Provide Property Tax Stabilization for Older Maine Residents,
LD 570, An Act to Provide an Additional Maine Resident Homestead Property Tax Exemption
Based on Income, and
LD 934, An Act to Provide 100 Percent of the Maine Resident Homestead Property Tax Exemption
Amount to Seniors and Veterans*

March 19, 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 for the above listed bills 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.

Every bill heard today offers the committee potential tools to bring about property tax relief. As has been well established, property taxes are on everyone's mind. Today, I am providing testimony for all six bills, each of which the LPC has determined fall into one of two distinct categories – solutions that support all taxpayers and solutions that support a select few.

Both LD 140 and LD 658 aim to provide increased value to the homestead exemption, over time, to \$95,000 by 2032 or to \$50,000 on April 1, 2025, respectively. LD 140 would offer continued increases to adjust for inflation. The LPC supports these two bills (and one coming from our own platform, with similarities to LD 658) simply because the increase applies to every eligible taxpayer. The value will likely be debated, but the availability of the benefit to all taxpayers is overwhelmingly supported.

While the remaining bills, LDs 7, 559, 570, and 934 also offer strategies to provide tax relief, the benefit is targeted towards a limited group, or groups, of taxpayers. It is precisely this targeted approach that the LPC opposes.

LD 570 would provide an increased benefit linked to an applicants' gross adjusted income as reported on an individual federal income tax return. Municipal officials specifically oppose this additional eligibility validation, of confidential financial records, which may trigger a state mandate reimbursement requirement under the Maine Constitution, Article IX, Section 21, for 90% of municipal administrative costs. The LPC opposes the measure in general as it provides relief to only a targeted population of taxpayers.

LD 7 also provides targeted relief, for taxpayers 65 years of age or older through an increased value of the homestead exemption. Like the previous bill, this requires an increased administrative burden that may trigger a state mandate and is also targeted only to a specific population of taxpayers.

LD 934 would provide for taxpayers aged 65 years or older and veterans to receive 100% of the value of the homestead exemption, regardless of the municipality's certified ratio, which in addition to presenting an administrative challenge, may be in violation of the provision for equal apportionment and assessment of taxes under Article IX, Section 8 of the Maine Constitution. It also requires 100% state reimbursement to municipalities for the lost revenue related to the exemption.

Finally, LD 559 would provide municipal authority to adopt a program offering stabilization of property taxes for seniors and proposes funding the loss of revenue through a local option sales tax approved by a local referendum. 36 MRSA §6281, formerly known as LD 290, allowed for stabilization of property taxes for seniors and was repealed due to the lack of adequate funding for the required state reimbursement to municipalities for the lost revenue resulting from the associated property tax loss. The program proposed by LD 559 mimics this repealed language almost exactly. Eligibility does not require any means testing, allowing any resident 62 years of age or older to be eligible. In addition, eligibility includes proof of Maine residency for at least ten years, the confirmation of which would create a monumental administrative task for municipal officials. Instead of providing state reimbursement for the loss of property tax revenue, this program would rely on a new local option sales tax revenue stream to contribute to the funding of those costs. If a local option sales tax were to be approved by the legislature, municipal officials want the opportunity to apply those additional funds in a way that is most appropriate to their communities and not be directed by a restricted use. Despite the opt-in nature of this program the LPC unanimously opposes this bill.

In short, the LPC supports increased property tax relief for all taxpayers, not just a targeted few.

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