



Richard A. Bennett
Senator, District 18

THE MAINE SENATE
132nd Legislature

3 State House Station
Augusta, Maine 04333

**Joint Standing Committee on Taxation on
LD 7, An Act to Increase the Homestead Property Tax Exemption for
Residents 65 Years of Age or Older
March 19, 2025**

Senator Grohoski, Representative Cloutier, and esteemed members of the Joint Standing Committee on Taxation: I am Senator Rick Bennett of Oxford, and I have the honor of serving 14 communities in Western Maine in the State Senate. I am pleased to sponsor LD 7, "An Act to Increase the Homestead Property Tax Exemption for Residents 65 Years of Age or Older."

During my re-election campaign, one of the most common complaints I heard from my constituents was the unbearable cost and sudden, shocking changes to their property taxes. I'm sure you have all heard similar horror stories from people in your district. Please find attached a [Bangor Daily News story](#) about a Portland resident who lost his house because he could no longer afford his property taxes.

Through inappropriate processes used to consider matters on the Appropriations Table, the 130th Legislature passed the Senior Property Tax Stabilization Program, which froze property taxes for Maine senior citizens. While this program was incredibly popular and had some benefit for seniors, particularly the wealthiest, it had several issues and the legislature chose to eliminate it.

Some of those issues were:

- 1) If a homeowner qualified under the program and paid, say, \$2,500 a year in property taxes, and then came into an inheritance, sold his home, and bought another higher value home with a property tax of \$15,000 per year, he would still only have to pay \$2,500 in property taxes with the other \$12,500 paid to the Town by the State.
- 2) A homeowner could add improvements, build additions, garages, etc. onto her property, and her property taxes would not have increased. The increase would have been paid by other taxpayers.
- 3) Each town had to administer this program and those reimbursement expenses were paid by the State, which was expected to cost \$1,050,000 over the last biennium.

This program was not sustainable, equitable, or financially sensible. To make up for the elimination of this program, the legislature expanded eligibility and increased benefits for two programs, the Property Tax Fairness Credit and the Property Tax Deferral Program last session. Unfortunately, despite the expansion to more taxpayers and the increase in relief

amounts, many seniors saw such huge property tax increases that these new programs were of little relief.

I brought forward LD 7 to try and provide some significant relief to seniors in a way that would be fairer for all residents. Expanding the homestead exemption, a tried and true program that Mainers are already familiar with, simply makes sense. It currently provides a reduction of up to \$25,000 in the value of a person's home in regards to property taxes.

Expanding the homestead exemption to \$75,000 for senior citizens will mean real savings for our older Mainers without creating new, complicated programs. On top of that, this proposal does not have the same problems that the Senior Property Tax Stabilization Program had.

I would like to clarify that I am suggesting a small amendment be made to this bill. Current law allows people to move and transfer the Homestead Exemption to another house if they move into their new home in the same month as they leave the other. I would like this option to still be available. In the summary of this bill, it appears that people can move but in the actual language of the bill, it looks like it would have to be the same home.

Thank you for your consideration. I urge you to vote "ought to pass as amended" on LD 7.



BANGOR DAILY NEWS

What's behind the property tax hikes driving Mainers from their homes

by Zara Norman September 16, 2024

PORTLAND, Maine — After 26 years living in the West End, Stephen Small is selling his modest home. The main culprit is rising property taxes.

The 71-year-old Small and his wife bought their home on Summer Street in the 1990s for \$111,500. Taxes were manageable on his income as a physical therapist, but two revaluations pushed their home value up to \$775,000 by 2021.

Small, who is now retired and lives on Social Security, was able to negotiate that down by writing to the city assessor with a list of his home's deficiencies: The foundation isn't sound, and it needs new siding and windows. Yet his tax bill is still more than \$7,000 a year.

"It was just nightmarish," Small said. "It's very discouraging to someone in my income bracket who wants to live in a place like this."

Small isn't alone in struggling to stay afloat. Maine has one of the highest property tax burdens in the nation. Over the past few years, property values have skyrocketed. Cities and towns have struggled to contain municipal and school costs, and many are catching up on long-deferred revaluations. Those factors conspire to hit people who live in increasingly desirable areas.

While those high property values are a boon for homeowners who want to sell, tax increases hammer those who stay and get passed on to renters. Matthew Daigle, who owns a 3-unit Westbrook building that his family lives in, has long offered rentals below market rate. After an \$1,800 tax increase within two years, he can't do that anymore.

"It's not something I can swallow completely by myself," Daigle, 48, said.

Maine cities and towns took in nearly \$3 billion in property taxes in 2022, with the state estimating that state residents pay slightly less than half of that. That total was up from \$2.1 billion a decade earlier. It falls harder on lower-income taxpayers. Three years ago, the bottom 20 percent paid 5.3 percent of income to just 0.7 percent for Maine's wealthiest 1 percent.

Municipal budgets have increased sharply in many Maine cities and towns in the last few years, driven by the inflated costs of goods and services and wage increases. That is the major factor driving tax hikes, noted Garnett Robinson, owner of Maine Assessment & Appraisal Services Inc. of Dixmont, which conducts assessments for several cities and towns.

Tax rates are typically lowered when property values rise. That's why property taxes drop or stay the same for many when cities conduct revaluations — when cities and towns survey properties to update their taxable values. But undervalued properties in hot areas like Small's home on Portland's West End can see sharp increases, as [a city document on the topic](#) explains.

Yet lots of Maine cities and towns are playing catch-up on that front. Bangor is on the cusp of its first revaluation in a staggering 37 years. Many municipalities have delayed revaluations along with other local projects because they are expensive, said Kate Dufour, a lobbyist with the Maine Municipal Association.

"We pay our schools and county bills first before we start really thinking about what's left for the municipal budget," she said.

State policymakers have long tried to contain property taxes through various programs, including a mandate to fund 55 percent of basic K-12 education costs, sharing 5 percent of income and sales tax revenues with cities and towns, the Homestead Exemption and a more recent Property Tax Fairness Credit that is based on income limits.

That latter program was beefed up by lawmakers after the repeal of a property tax freeze program that ran for one year before the Democratic-led Legislature repealed it in 2023 because costs would have exploded as time went on.

Elected officials are considering new property tax initiatives. Rep. Joe Perry, D-Bangor, the co-chair of the Legislature's tax committee, backs raising revenue sharing to 7 percent and offsetting the change by doubling the Homestead Exemption to \$50,000 while not matching it with state funds. The result would be to shift tax burdens from primary homes to other property.

There's "not enough money in the state of Maine" to put additional state money into education, revenue sharing and General Assistance, Perry said. That would take a federal investment, and pandemic-era federal funding has essentially dried up in Maine by now.

"You know the budgets are going to track inflation, but it's exaggerated because of the labor shortage," Perry said. "Municipalities can't hire firefighters, police officers, bus drivers. One of the ways you attract people to those jobs is with higher wages."

Republicans are suggesting that their message will be that cities and towns need to tighten their belts. Rep. Laurel Libby of Auburn, a leader of the party's conservative wing and a tax panel member, said: "The No. 1 solution is for government to cut spending."

"Our municipal budget is growing by a far greater percentage than the everyday Mainer's household budget," she said. "That's just unsustainable. We have to cut back."