

Maine Education Association

Jesse Hargrove President | Beth French Vice President | Jaye Rich Treasurer
Rebecca Cole NEA Director | Rachelle Bristol Executive Director

Testimony

In Support Of

LD 7: An Act to Increase the Homestead Property Tax Exemption for Residents 65 Years of Age or Older

LD 140: An Act to Incrementally Increase the Homestead Property Tax Exemption

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

LD 658: An Act to Lower Property Taxes by Increasing the Homestead Property Tax Exemption

LD 934: An Act to Provide 100 Percent of the Maine Resident Homestead Property Tax Exemption Amount to Seniors and Veterans

Jan Kosinski, Government Relations Director, Maine Education Association

Before the Taxation Committee

March 19th, 2025

Senator Grohoski, Representative Cloutier and other esteemed members of the Taxation Committee,

My name is Jan Kosinski, and I am the Director of Government Relations for the Maine Education Association (MEA). The MEA represents nearly 24,000 educators, including teachers and other educators in nearly every public school in the state, as well as full-time faculty and other professional and support staff in both the University of Maine and Community College systems. Thousands of retired educators continue their connection and advocacy work through the MEA- Retired program.

I offer this testimony today on behalf of the MEA in SUPPORT of the following bills:

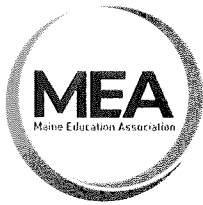
- *LD 7: An Act to Increase the Homestead Property Tax Exemption for Residents 65 Years of Age or Older*
- *LD 140: An Act to Incrementally Increase the Homestead Property Tax Exemption*
- *LD 559: An Act to Provide Property Tax Stabilization for Older Maine Residents*
- *LD 570: An Act to Provide an Additional Maine Resident Homestead Property Tax Exemption*
- *LD 658: An Act to Lower Property Taxes by Increasing the Homestead Property Tax Exemption*
- *LD 934: An Act to Provide 100 Percent of the Maine Resident Homestead Property Tax Exemption Amount to Seniors and Veterans*

The MEA believes these are critical and necessary bills to address the rising concerns among Maine residents about the over-reliance on property taxes, especially to fund our local public schools and other critical municipal services.

The state's school funding formula is titled in statute as the **ESSENTIAL** Programs and Services formula or EPS for short, and the key word is ESSENTIAL. The school funding formula calculates what is required to help students meet the Learning Results, and nothing more. You do not need to take my word for it. In MRSA Title 20-A, Section 15671 is explicit: "Essential programs and services are those educational resources that are identified

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in this chapter to ensure the opportunity for all students to meet the standards in the 8 content standard subject areas and goals of the system of learning results established in chapter 222.” And of course, some communities want more than what is essential, and property taxes become the default to fund those services above the essentials. Our public schools are facing significant challenges. Workforce shortages, low pay, and unmet mental health needs of students are chief among them. When the federal government and state government fail to provide funding to solve these issues, that too falls onto the local property taxpayer to solve.

According to the Maine Education Policy Research Institute, local taxpayers are currently paying over \$1.78 billion per year in property taxes to support local public schools. \$1.1 billion is the required local share – the 45% complement to the state’s 55% state commitment, and communities are raising more than \$600 million on top of that to have the schools the local community wants with the programs and services students need. It is important to note, every school budget goes through a public process, and local communities have the chance to vote on school budgets. Voters have the ultimate say in determining how much to raise in property taxes to support their local public schools.

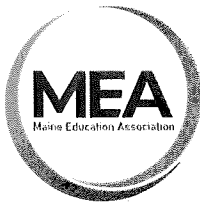
As I have also shared with this Committee in previous testimony, our state has been unable and/or unwilling to invest in school construction to meet the capital needs of public schools. Maine’s public schools are old and aging fast, and with limited state funding to support construction and renovation of schools, local towns must look at raising the money locally to fund new schools and/or major capital improvements. In the most recent school construction cycle (2017-2018), seventy-four projects applied but only nine were approved. Last year, two schools were forced to close during the school year and students were moved first to remote learning and then redirected to other schools because their schools were deemed no longer suitable for students – in the middle of the school year. (Agnes Gray Elementary School in South Paris closed in February of 2024 due to safety concerns and Mountain Valley Middle School in Mexico was forced to close in October of 2024 also for safety concerns). Tired of waiting and with aging and deteriorating facilities, many school districts are moving forward with local bonds and asking voters to approve renovation and new construction projects with the local community paying 100% of the costs. The pressure on property taxes continues.

Last year we saw several school budgets fail around the state. Lewiston, Westbrook, RSU 17 (Oxford Hills), RSU 16 (Poland) and others all required multiple rounds of voting via referendum to pass a school budget and rounds of cuts to appease unhappy taxpayers. The school budgets that were voted down were not excessive – they did not contain lots of fat to cut or luxuries for students. Instead, these schools were forced to make cuts to essentials because of the property tax sensitivity of residents.

According to the National Council of Education Statistics, a nonpartisan agency, Maine ranks second to last in per-pupil spending compared to all the other states in New England. The National Council of Education Statistics shows that Maine spends approximately \$23,000 per pupil. New Hampshire, Massachusetts, Connecticut, and Vermont all spend more per pupil according to this reputable source. Only Rhode Island spends less, and barely less. Rhode Island spends approximately \$22,400 per pupil compared to \$28,600 per student in Vermont. However, please keep in mind the rural nature of Maine. While Rhode Island, our country’s smallest state, contains a far denser population and only covers 1,545 square miles, the state of Maine covers a whopping 35,387 square miles. Maine is nearly twenty-three times larger yet spends only \$600 less per pupil compared to our diminutive New England neighbor.

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State	Per Pupil Spending According to the National Council on Education Statistics	Total Square Miles	Rank in Square Miles	Number of Students Enrolled in Public Schools	Students per square mile
RI	\$22,400	1,545	50 th	135,978	88
ME	\$23,000	35,387	39 th	176,622	5
NH	\$23,600	9,351	45 th	165,095	18
MA	\$26,000	10,555	43 rd	287,000	27
CT	\$27,300	5,544	48 th	486,990	88
VT	\$28,600	9,615	44 th	82,828	9

The rural nature of Maine means we must spend more if we want schools in local communities. The other option is to close local community schools in rural communities and require students to sometimes spend hours on the school bus to get to and from school. Many Maine communities are holding onto their local public schools because of the valuable role these schools play in their local communities. It may sound cliché to say, but for many small, rural towns, the local public school is the heart of the community and voters have been consistently willing to keep their local schools open despite the cost.

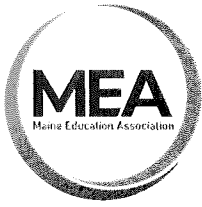
We fully understand the concerns of seniors and those on fixed incomes and the impact regressive property taxes have on their financial security especially during this time of skyrocketing property values in many areas of the state. The volatility in the housing market puts even more pressure on low-income Mainers, especially seniors on fixed incomes, as our state’s school funding formula recognizes higher property values as more ability to pay locally for their public schools through property taxes. Just because the house next door to you sold for an astronomical sum of money, this does not mean you have the resources you need to pay higher property taxes. The concerns of senior and fixed income families have become more pronounced as cities and towns conduct reevaluations, and the values of homes are adjusted. In some communities, residential property owners are paying a bigger piece of the overall pie, due to the declining value of commercial properties post-COVID.

It is for these reasons I am here to urge you to support at least one of these bills. We strongly feel the Homestead Exemption provides the best mechanism to provide property tax relief for Maine people. Improving the Homestead Exemption for more Maine families, especially low income and fixed income families will allow communities to collect more property taxes on second homes, vacation homes and homes from out-of-staters, while easing the burden on full time residents of our great state. We appreciate the contributions people from out of state make to the Maine economy, but we also hope they respect and appreciate our state enough to help Maine and its public schools thrive. According to the recent post-Covid real estate trends, we do not expect the desire for others to purchase vacation homes here to abate, yet they can and should contribute to our state’s well-being. Investing in public education is the best way for these individuals to contribute given the positive impacts to our state by providing students with a robust, thorough, and comprehensive public education system.

While we support all of these bills, we are specifically supportive of LD 570, *An Act to Provide an Additional Maine Resident Homestead Property Tax Exemption* because it will provide a mean-tested approach and target the relief to families with income of less than \$200,000 although we expect there may be implementation issues with this effort.

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LD 658, *An Act to Lower Property Taxes by Increasing the Homestead Property Tax Exemption* is a modest and straightforward approach and we hope the Committee will prioritize this approach if LD 570 is unworkable.

More than anything, we hope this Committee will move one of these proposals forward. If we fail to act this session, we are deeply concerned that more school budgets will fail in the near future. We know many Mainers want great public schools, but they are feeling the pinch of escalating property values and re-evaluations. Increasing the Homestead Exemption in Maine law is prudent and wise.

Thank you for your time and your attention and I will do my best to answer any questions you may have.

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