

**TESTIMONY OF  
MICHAEL J. ALLEN, ASSOCIATE COMMISSIONER FOR TAX POLICY  
DEPARTMENT OF ADMINISTRATIVE AND FINANCIAL SERVICES**

Before the Joint Standing Committee on Taxation  
Hearing Date: *March 19, 2025*

LD 658 – *“An Act to Lower Property Taxes by Increasing the Homestead  
Property Tax Exemption”*

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Senator Grohoski, Representative Cloutier, and members of the Taxation Committee – good morning, my name is Michael Allen, Associate Commissioner for Tax Policy in the Department of Administrative and Financial Services. I am testifying at the request of the Administration Against LD 658, *“An Act to Lower Property Taxes by Increasing the Homestead Property Tax Exemption.”*

First, the effective date of the change will likely result in the bill becoming law after property taxes have already been assessed and committed for the April 1, 2025, tax year in many municipalities. It will also take time for municipalities and appraisal system vendors to make updates to their systems to incorporate the change. The Administration recommends amending the bill to make the change effective for property tax years starting on or after April 1, 2026.

Second, notwithstanding the bill title, because the state reimbursement is less than 100%, increasing the homestead exemption by this amount will simply shift the property tax burden towards non-resident and commercial taxpayers, and indirectly renters, and result in an increase in property tax mil rates, everything else being equal.

Third, the bill is estimated to increase the annual appropriation for municipal reimbursement by over \$90 million.

In closing, the Administration opposes this bill because the additional cost from the General Fund and lack of focus of property tax relief to those truly overburdened by the property tax doesn't make this a cost-effective approach to property tax relief.

The Administration looks forward to working with the Committee on the bill; representatives from MRS will be here for the Work Session to provide additional information and respond in detail to the Committee's questions.