



**MAINE MUNICIPAL
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Testimony of the Maine Municipal Association

In Support of

LD 1729, An Act to Increase the Rate of Reimbursement to Municipalities for Revenue Lost as a Result of the Maine Resident Homestead Property Tax Exemption

May 1, 2025

Senator Grohoski, Representative Cloutier and members of the Taxation Committee, my name is Rebecca Lambert, and I am providing testimony in strong support for LD 1729 on behalf of the Maine Municipal Association's (MMA) elected 70-member Legislative Policy Committee (LPC). For reference, MMA is a nonpartisan, nonprofit member service organization and aims to help provide policy solutions that work for all residents in Maine and the LPC guides MMA's advocacy efforts and establishes positions on bills of municipal interest.

First and foremost, the association would like to thank Senator Bennett for agreeing to sponsor LD 1729 on behalf of MMA and its 70-member Legislative Policy Committee. Incrementally increasing state reimbursement for the loss of property tax revenue under the homestead exemption program is one of the bills on the association's 2025-2026 platform.

Simply put, the homestead exemption reduces the taxes paid by Maine residents of all ages and income categories. When coupled with other initiatives that provide added relief on the basis of income, such as the Property Tax Fairness Credit, the homestead exemption is an important element of a comprehensive approach for relieving the burdens placed on year-round homeowners. By not fully reimbursing municipalities for the lost revenues, the very beneficiaries of the program end up paying for a portion of the benefit.

Current state reimbursement under the homestead program is capped at 76%, which for fiscal year 2026 is projected to cost the state \$92 million, leaving \$39 million unreimbursed. If Maine was treated as one large municipality and if 100% reimbursement had been provided, the statewide municipal mil rate would have been 10.47 rather than 11.25. If the state reimbursed the municipalities for the full amount, the owner of a \$150,000 home who receives the \$25,000 homestead exemption, which when adjusted for assessment ratios is roughly \$23,700 statewide, would have saved nearly \$100.

Considering the number of bills reviewed by this committee seeking in one way or another to reduce the burdens placed on the property taxpayers, municipal officials believe that 100% reimbursement approach found in LD 1729 should be one of the suggestions at the top of the solutions list.

Thank you for your time and consideration of the municipal perspective on this issue.



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