

PLEASE NOTE: Legislative Information **cannot** perform research, provide legal advice, or interpret Maine law. For legal assistance, please contact a qualified attorney.

An Act To Make the Homestead Property Tax Exemption More Flexible for Municipalities and Remain Revenue Neutral for the State

Be it enacted by the People of the State of Maine as follows:

Sec. 1. 36 MRSA §683, sub-§1, as amended by PL 2009, c. 213, Pt. YYY, §1 and affected by c. 652, Pt. A, §63, is further amended to read:

1. Exemption amount. Except for assessments for special benefits, and except as provided in subsection 1B, the just value of ~~\$10,000~~\$5,000 of the homestead of a permanent resident of this State who has owned a homestead in this State for the preceding 12 months is exempt from taxation. In determining the local assessed value of the exemption, the assessor shall multiply the amount of the exemption by the ratio of current just value upon which the assessment is based as furnished in the assessor's annual return pursuant to section 383. If the title to the homestead is held by the applicant jointly or in common with others, the exemption may not exceed ~~\$10,000 of the just value of the homestead~~the value provided in this section and subsection 1B, if applicable, but may be apportioned among the owners who reside on the property to the extent of their respective interests. A municipality responsible for administering the homestead exemption has no obligation to create separate accounts for each partial interest in a homestead owned jointly or in common.

Sec. 2. 36 MRSA §683, sub-§1-B is enacted to read:

1-B. Local option exemption. A municipality may by ordinance add to the value of the exemption established by subsection 1. The just value of the homestead exemption established by local option may not exceed 200% of the dollar value of the exemption established in subsection 1. No amount of the tax revenue lost to the municipality by reason of the local option exemption authorized by this subsection may be reimbursed by the State pursuant to section 685.

Sec. 3. 36 MRSA §685, sub-§2, as amended by PL 2005, c. 2, Pt. F, §4 and affected by §5, is further amended to read:

2. Entitlement to reimbursement by the State; calculation. A municipality that has approved homestead exemptions under this subchapter may recover from the State ~~50%~~100% of the taxes lost by reason of the exemptions provided in subsection 1 upon proof in a form satisfactory to the bureau. The bureau shall reimburse the Unorganized Territory Education and Services Fund for ~~50%~~100% of taxes lost by reason of the exemption provided in subsection 1.

Sec. 4. Legislative finding. The Legislature finds that the municipally adopted portion of the homestead property tax exemption authorized by this Act is not a statutory property tax exemption or credit for purposes of the Constitution of Maine, Article IV, Part Third, Section 23 and that state reimbursement for property tax revenue loss under that provision is not required.

SUMMARY

This bill amends the law governing the homestead property tax exemption by reducing the exemption from \$10,000 to \$5,000 and providing that the State must reimburse municipalities for 100% of the exemption rather than 50%. The bill also authorizes municipalities by ordinance to add a local level of exemption of up to 200% of the state-required exemption. State reimbursement is not required for a locally adopted exemption.