

To: Legislative Policy Committee  
From: Amanda Campbell, Legislative Advocate  
Kate Dufour, Director of Advocacy & Communications  
Date: October 9, 2024  
Re: Property Tax Reform Working Group Update

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**Attending Members:** Elaine Aloes, Solon; Heather Donahue, Freedom; Debbie Laurie, Bangor; Kerry Leichtman, Rockport; Scott Morelli, South Portland; Justin Poirier, Monmouth; Sharon Siegel, Wales; and Dwayne Young, Weston.

**Staff:** Amanda Campbell; Kate Dufour

**Summary:** Based on the feedback received at the September Legislative Policy Committee, the working group discussed the benefits and challenges associated with implementing a variety of property tax reform proposals. While members were not unanimous on all discussed approaches, there is full agreement that municipalities must get ahead of the property tax burden solutions, before the Maine State Legislature does so.

After much discussion the working group settled on moving forward with a package of bills, some seeking amendments to Maine's constitution, that in conjunction with the proposals being discussed by other working groups, would provide several options for the Legislature to deliver meaningful property tax relief.

Proposals:

- **Constitutional Amendment – Property Tax Assessment.** This proposal would: (1) amend Article IX, Section 8 to enable a municipal legislative body to elect to assess property according to a property's classification (e.g., residential, commercial, industrial, second homes, etc.) rather than the current equal and just approach; (2) direct the Maine State Legislature to adopt the statutes necessary to implement the classification assessment approach, including establishing limits on the percentage of assessed value, as determined by the market rate, that would be subjected to taxation; and (3) further provide that no less than 5% of state sales and income tax must be distributed monthly to municipalities.

Note: The working group recognizes that an impact study is needed to fully understand the impact of the proposal on municipalities and property owners across Maine and as a result, the Executive Committee would need to authorize related expenses. Additionally, the study may require the submission of a "concept draft" bill to provide the time necessary to conduct the research and gather data. According to Kerry Leichtman, CoreLogic is interested in assessing the proposal's impacts, potentially with little to no cost to MMA. Kerry and Amanda will be exploring the offer further.

- **Constitutional Amendment – 100% Reimbursement for Property Tax Exemptions with Revenue Sharing Protection.** This proposal would: (1) amend Article IV, Part Third, Section 23 to require 100% reimbursement for all exemptions extended to veterans, sight impaired homeowners, and homesteaders; (2) provide that the base-level homestead exemption can be no less than \$75,000; and (3) further provide that no less than 5% of state sales and income tax must be distributed monthly to municipalities.
- **Revenue Sharing III in Lieu of Local Option Sales Tax.** Amend Title 30-A, §5681 to require an additional 1% of meal and lodging taxes to be distributed proportionately to municipalities generating the revenues.
- **Expand Taxable Sales & Dedicate Revenue to County or School Operations.** Expand the current sales tax rate to include personal and recreational services sales (e.g., haircuts, ski lift tickets, golf, etc.) and require the revenues to be used to reduce the property taxpayer share of county jail operations or special education costs.
- **Require 100% State Funding for County Jail Operations.** Encourage the LPC's Public Safety & Jail Operations working group to develop legislation requiring the state to fund 100% of county jail operations.
- **Require 100% State Funding for Special Education Costs.** Encourage the LPC to support stand alone legislation requiring the state to fund 100% of special education cost, in addition to honoring the commitment to funding 55% of the cost of K-12 as calculated by the Essential Services & Programs model.