

At long last: Commitments to property taxpayers honored

Taken together, the policy and financial strides made during the most recent legislative session were, to put matters in their true context, historic.

By Kate Dufour, Director, State & Federal Relations, MMA

It is with tremendous relief and a chill of excitement that the Maine Municipal Association's advocacy team reports Governor Janet Mills and the members of the 130th Maine State Legislature have honored their commitments to municipal government leaders and Maine's property taxpayers.

Recognition that vital public services are disproportionately funded by property taxpayers emerged as one of the recent session's themes.

55% State Funding for Education. Through the adoption of the supplemental FY 22 - FY 23 General Fund budget (LD 221), the state will fund 55% of the cost of K-12 education for the first time since the related-referendum question was approved by Maine voters in 2004. As calculated by the Essential Programs and Services model, the state's share of public education will be \$1.3 billion, leaving property taxpayers to fund a required \$1.1 billion with a minimum mil rate expectation of \$7.26. As a result of this investment, the minimum property taxpayer contribution for schools decreased by \$68 million between FY 2021 and FY 2022.

Restoration of Revenue Sharing. As of July 1, 2021, the amount of state sales and income tax revenue shared with municipalities increased to 4.5% and will be restored to the historic 5% funding level on July 1, 2022. The increase, coupled with a strong economy, is good news for municipalities. Based on the data in the Revenue Forecasting Committee's May 2021 report, in the



first year of the biennium an estimated \$182 million will be distributed to municipalities under the revenue sharing program and \$210 million in FY 2023.

Homestead Exemption. Amendments to the homestead exemption program were another topic of debate. As a result, the budget was enacted with a provision that retains the \$25,000 exemption, but increases reimbursement by 3% annually until municipalities are fully compensated for the lost property tax revenue. Two bills seeking to increase the value of the exemption have

been carried over for more debate in 2022.

Elderly Property Tax Deferral Program. In addition to reducing property tax burden, legislation was enacted to ensure Maine's most vulnerable populations can afford to stay in their homes. Via adoption of Maine's American Rescue Plan Act investment strategy (LD 1733), an amended version of the state's elderly property tax deferral program was reinstated. As structured, the program authorizes the state to pay all or a portion of the property taxes owed by Maine residents meeting certain age, income, employment and asset standards. In exchange for paying the property taxes owed to the municipality, the state retains a non-foreclosing lien on the property which is subsequently sold for the purposes of recouping taxes and other expenses once the homeowner is no longer eligible for the program.

Housing Studies. In a similar vein, this session the Legislature heard and discussed several bills seeking to increase the state's inventory of affordable, senior and workforce housing. To that end several housing related bills were enacted, including initiatives that: allow for the development and local regulation of tiny homes in single-family residential zones (LD 1530); amend the Tax Increment Financing program to permit investments outside of the district that facilitate housing programs and assist those who are experiencing homelessness (LD 953); and accelerate the timeframe for clearing the title on

abandoned tax-acquired residential property (LD 1132).

Key among the housing related legislation enacted this session is the establishment of the 15-member *Commission To Increase Housing Opportunities in Maine by Studying Zoning and Land Use Restrictions* (LD 609). Under the terms of Speaker Ryan Fecteau's study, the commission is directed to review state laws that affect the local regulation of housing, including but not limited to municipal incentives, state mandates, measures eliminating or limiting single-family-only zones and allowing greater housing density near transit, jobs, schools or neighborhood centers, as well as to assess the role race and racism play in zoning policies. The commission has until Nov. 3, 2021 to submit a report to the Labor and Housing Committee. The outcome of this study is important as several other housing related bills are waiting in the wings for further review in 2022, some of which seek to suppress local decision making authority.

Remote Meetings. After a decade of attempts, the Legislature finally acquiesced to providing municipalities the authority to adopt policies allowing members of a public body to participate in meetings remotely. Although the version of the enacted bill (LD 32) reins in local control by making remote participation by members of the body the exception, rather than the

rule, the change is a much appreciated step in the right direction.

Conduct of Elections. The way in which Maine elections are conducted was a popular subject of debate. Included as part of the supplemental budget (LD 221) is a measure creating a process for providing eligible residents on-going absentee voter status. Beginning on Nov. 1, 2023 voters who are at least 65 years of age before the next election or who self-identify as having a disability will have the option to apply for ongoing absentee voter status requiring the automatic distribution of a ballot for each ensuing election until the voter is no longer eligible.

The gift of time has been bestowed onto municipal election officials who are now authorized to start processing absentee ballots on the seventh day prior to the election, rather than on the fourth day (LD 102). The Legislature has also advanced initiatives implementing an online voter registration program (LD 1126), as well as a process for allowing voters to cure discrepancies with returned absentee ballots and a procedure authorizing municipalities to obtain and use absentee ballot drop boxes at multiple locations within the community's boundaries (LD 1363).

This year's successes also came in the form of defeat. The Legislature failed to enact legislation seeking to

significantly limit or repeal qualified immunity for law enforcement officers, as well as to override the Governor's veto on a bill making controversies over public employee salaries, benefits and pensions binding through arbitration.

For More Information. A companion piece published in this edition of the *Maine Town & City* provides further details on enacted laws, including those described in this article. Found among the pages of the *New Laws* article are descriptions of several initiatives, including measures: authorizing municipalities to adopt commercial property assessed clean energy ordinances to help finance up to 100% of energy saving improvements to qualifying commercial properties (LD 340); directing the Governor's Energy Office to coordinate with the Public Utilities Commission to convene a stakeholder group to consider various distributed generation project programs and the need for improved grid planning (LD 936); and lowering from \$2 to \$1 per ton the municipal solid waste surcharge statute in the laws governing solid waste management, as well as repealing the exemption for payment of that fee granted to qualifying communities (LD 57). In addition, a second article describes the bills of municipal interest carried over for further discussion in 2022, while a third describes the studies that will be conducted in the coming months.

With Gratitude. MMA's advocacy team is grateful for all the assistance received throughout the session from municipal officials, members of the legislature, state agency officials, and the Mills Administration. Special thanks are owed to the members of MMA's Legislative Policy Committee, which met remotely throughout the session to establish the Association's position on legislation, as well as the municipal officials who responded to our many action alerts. Your home-based advocacy efforts were instrumental to this session's success.

Finally, the Association thanks Rep. Thom Harnett of Gardiner and Sen. Marianne Moore of Washington County for authorizing the distribution of the Legislative Bulletin to members of House and Senate. ■

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