

To: Legislative Policy Committee
From: Amanda Campbell, Legislative Advocate
Kate Dufour, Director of Advocacy & Communications
Date: September 18, 2024
Re: Property Tax Reform Working Group Update

Attending Members: Heather Donahue, Freedom; Justin Hennessey, Topsham; Debbie Laurie, Bangor; Kerry Leichtman, Rockland; Scott Morelli, South Portland; Justin Poirier, Monmouth; Sharon Siegel, Wales; and Dwayne Young, Weston.

Staff: Amanda Campbell; Kate Dufour

Summary: The Property Tax Reform Working Group met on September 17, 2024 to brainstorm possible legislative solutions and is suggesting as a priority a “Go Bold” package that seeks to amend the way in which property is assessed and related relief is delivered. Based on the LPC feedback received during the September 26 meeting, the ideas that follow will be fully vetted at the working group’s October meeting.

Recommendations:

Direct Property Tax Relief – Go Bold Approach

- *Constitutional Amendment to Assessment Practices.* Implement a classified property tax system that allows communities to reduce assessment ratios based on the use of the property, including owner occupied homes; business, commercial and industrial; second homes; and exempt property, etc. This proposal is accompanied by a public education campaign.
- *Layered Homestead Exemption.* One application for all exemptions (e.g., homestead and veterans) completed at once with the same reimbursement rate for lost property tax revenue. In addition, implementation of a tiered homestead exemption that increases in value based on different factors, such as age, income, and disability with reimbursement funded at 76% rate.
- *Repeal Homestead Exemption Waiting Period.*
- *State Funded Jails.* 100% state funding for jail operations, as the delivery of services is directed and mandated by the Maine State Legislature.
- *100% School Funding for EPS.* 100% state funding for K-12 education, as calculated by the Essential Programs & Services (EPS) model, with above EPS spending funded by the property taxpayers.

- *Creation of Fiscal Notes.* Include an MMA calculated fiscal note, to the extent possible, with each proposal to show that not all suggestions impact state coffers.

Other Considerations

- *100% Homestead Exemption Reimbursement.* Restore the reimbursement ramp to 100%.
- *Property Tax Bills.* Require schools and counties to send out their own tax bills.
- *Property Tax Fairness Credit.* Increase benefit under the program.
- *State Tax Deferral Program.* Reduce the interest rate assessed on the property enrolled in the program.
- *Local Option Sale Tax.*

Next Meeting

- October 8 from 2:00 to 4:00 p.m. via Zoom.