

**RESOLUTION, Proposing an Amendment to the Constitution of Maine Requiring 90% State Reimbursement for Residential Real Estate Property Tax Exemptions.**

**Constitutional amendment. Resolved:** Two thirds of each branch of the Legislature concurring, that the following amendment to the Constitution of Maine be proposed:

**Constitution, Art. IV, Pt. Third, §23** is amended to read:

**Section 23. Municipalities reimbursed annually.** The Legislature shall annually reimburse each municipality from state tax sources for not less than 50% of the property tax revenue loss suffered by that municipality during the previous calendar year because of the statutory property tax exemptions or credits enacted after April 1, 1978, except that the Legislature shall reimburse each municipality from state tax sources for not less than 90% of the property tax revenue loss suffered by that municipality during the previous calendar year because of a current or similar exemption on the residential real estate of veterans who served in the Armed Forces of the United States, legally blind persons, and the qualifying homesteads of permanent Maine residents. On or after April 1, 2026, the exemption provided on qualifying homesteads may be no less than \$50,000, which must be adjusted annually by the percentage change in the Consumer Price Index, or similar inflationary index, published by the Bureau of Labor Statistics, United States Department for the calendar year. The Legislature shall enact appropriate legislation to carry out the intent of this section and in implementing this requirement may not distribute less than 5% of state sales and income tax revenue to municipalities according to a formula established in state statutes. If on or after July 1, 2025 the percentage of state sales and income tax revenue shared with municipalities exceeds 5%, no less than the increased percentage may be distributed to municipalities according to a formula established in state statutes.

This section shall allow, but not require, reimbursement for statutory property tax exemptions or credits for unextracted minerals.

**Constitutional referendum procedure; form of question; effective date.** Resolved: That the municipal officers of this State shall notify the inhabitants of their respective cities, towns and plantations to meet, in the manner prescribed by law for holding a statewide election, at a statewide election held in the month of November following the passage of this resolution, to vote upon the ratification of the amendment proposed in this resolution by voting upon the following question:

"Do you favor amending the Constitution of Maine to require the Legislature to annually reimburse each municipality from state tax sources not less than 90% of the property tax revenue loss suffered by that municipality during the previous calendar year because of a current or similar exemption on the residential real estate of veterans who served in the Armed Forces of the United States, legally blind persons, and the homestead of qualifying permanent Maine residents, and require the state to distribute no less than 5%

of state sales and income tax revenue with municipalities according to a formula established in state statutes?"

The legal voters of each city, town and plantation shall vote by ballot on this question and designate their choice by a cross or check mark placed within the corresponding square below the word "Yes" or "No." The ballots must be received, sorted, counted and declared in open ward, town and plantation meetings and returns made to the Secretary of State in the same manner as votes for members of the Legislature. The Governor shall review the returns. If it appears that a majority of the legal votes are cast in favor of the amendment, the Governor shall proclaim that fact without delay and the amendment becomes part of the Constitution of Maine on the date of the proclamation.

**Secretary of State shall prepare ballots. Resolved:** That the Secretary of State shall prepare and furnish to each city, town and plantation all ballots, returns and copies of this resolution necessary to carry out the purposes of this referendum.

### **SUMMARY**

This bill amends Art. IV, Pt. Third, Section 23 of the Maine Constitution to require the Legislature to reimburse municipalities for not less than 90% of the lost property tax revenue associated with residential real estate exemptions extended to veterans of the U.S. Armed Services, legally blind individuals and under the Maine Resident Homestead Exemption program. The bill also establishes the minimum homestead exemption at \$50,000, which must be adjusted annually by the percentage change in the Consumer Product Index, or similar inflationary index, and provides that at a minimum no less than 5% of state sales and income tax must be shared with municipalities and protects future increases in the percentage of state tax revenue distributed to municipalities.