



HOUSE OF REPRESENTATIVES

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**Testimony of Representative Melanie Sachs, sponsor of
*LD 646, An Act to Fully Reimburse Municipalities for Lost Revenue Under the Property Tax
Stabilization for Senior Citizens Program*
Before the Joint Standing Committee on Appropriations and Financial Affairs**

Senator Rotundo and esteemed colleagues on the Appropriations and Financial Affairs Committee:

My name is Melanie Sachs, and I have the honor of representing the community of Freeport in the Maine House. I am before you today to present LD 646 “*An Act to Fully Reimburse Municipalities for Lost Revenue Under the Property Tax Stabilization for Senior Citizens Program*”.

In 2022, the Legislature enacted LD 290, which created the Property Tax Stabilization Program that allowed residents 65 and over to freeze their property taxes regardless of income, property value or need if they were a permanent Maine resident, owned a home for 10 years and were eligible for the homestead exemption.

I was on the Tax Committee when that bill came through. As I said when I voted against it as part of the majority report of the committee, that while well-intentioned, the program as proposed had significant flaws and was not financially sustainable. We also had a sponsor, Senator Trey Stewart, who was unwilling to amend it to address these concerns. Unfortunately, these concerns were well-founded and as we have seen in its short, one-year lifespan, this program also already cost towns double what was anticipated.

The program was repealed in last year’s supplemental budget, and in its place, this time through a bill voted out by a majority of the Tax Committee with bipartisan support, the Legislature voted to target the tax relief for seniors in a more thoughtful and sustainable way. We expanded the Property Tax Deferral Program, raising the maximum income from \$40,000 to \$80,000 and increasing the maximum asset test to \$100,000. The Legislature also increased The Property Tax Fairness Credit for Mainers 65 or older from \$1,500 to \$2,000.

While these strengthened tax relief programs are in place to ensure that help will be available moving forward to those who need it most, as noted the costs for the current program under LD 290 have been double what was estimated. As a result, the appropriation amount in the Part I budget has only met 56% of the actual cost. Municipalities were sent notices that they would be reimbursed the rest if and when

the supplemental budget was enacted. I am committed to meeting 100% of our financial obligations under this current program to our municipalities right now. This emergency legislation would ensure we do just that. I worked with the Department of Administrative and Financial Affairs to not only confirm the amount needed to fully refund municipalities for the tax relief, but also to reimburse towns for the administrative costs incurred in the administration of the program. I urge you to support LD 646 and our Maine communities.