Real Estate Property Tax Relief Task Force
Resolve 2025, chapter 108
Wednesday, October 21 at 9:30 a.m.
Room 126 (Transportation Committee Room)
State House, Augusta, ME

Agenda

9:30 am **Welcome**
Chairs, Senator Nicole Grohoski & Representative Ann Matlack

9:35 am **Follow up Items from September 29, 2026, Task Force Meeting**
- Service charges
- Impact fees
- PILOT payments from the state
- Property Tax Fairness Credit program
- Property Tax Deferral program

10:00 am ***Discussion of State Cash Pool and Dedicated Revenue Sources***
Joseph Perry, Maine State Treasurer

10:15 am ***Presentation of Model Results for Tax Relief Policy Scenarios for Household Archetypes from* Progress and Poverty Institute**
Stephen Hoskins & Greg Miller

12:15 pm ***Lunch***

1:15 pm **Discussion of *Model Results for Tax Relief Policy Scenarios for Household Archetypes***
Stephen Hoskins, Greg Miller, & members

2:15 pm **Follow up Items from September 29, 2026, Task Force Meeting**
Task Force Staff & Members (items may be taken up in any order)
- School auditing standards
- Revenue sharing & service centers
- Mandates in State law & fees
- Municipal valuations
- Regionalization

Discussion of any other recommendations Task Force members may have based on information and materials received.

The meeting can be livestreamed either on the Legislature's webpage or on YouTube:
- https://legislature.maine.gov/Audio/#126
- https://www.youtube.com/mainestatelegislature (Select the Maine Legislature Channel that includes the committee room where the meeting is being held.)

Links to archived meeting video for both the Legislature's webpage and YouTube will be posted to the Task Force's webpage when they are available.

DRAFT LEGISLATION TO

AMEND THE LAWS RELATED TO MUNICIPAL SERVICE CHARGES

Sec. 1 36 MRS §508, sub-§1 is amended to read:

§508. Service charges

1. Imposition. A municipality may impose service charges on the owner of ~~residential~~ real property~~, other than student housing or parsonages,~~ that is totally exempt from taxation under section 652~~ and that is used to provide rental income~~ for one or more municipal services provided by the municipality. Such service charges must be calculated according to the ~~actual~~ cost of providing municipal services to that real property and to the persons who use that property, and revenues derived from the charges must be used to fund, to the extent possible, the costs of those services. The municipal legislative body shall identify those institutions and organizations upon which service charges are to be levied.

A municipality that imposes service charges on any institution or organization must impose those service charges on every similarly situated institution or organization. For the purposes of this section, "municipal services" means all services provided by a municipality other than education and welfare.

2. Limitation. The total service charges levied by a municipality on any institution or organization under this section may not exceed 2% of the gross annual revenues of the institution or organization. In order to qualify for this limitation, the institution or organization must file with the municipality an audit of the revenues of the institution or organization for the year immediately prior to the year in which the service charge is levied. The municipal officers shall abate the portion of the service charge that exceeds 2% of the gross annual revenues of the institution or organization.

3. Administration. Municipalities shall adopt any ordinances necessary to carry out the provisions of this section. Determinations of service charges may be appealed in accordance with an appeals process provided by municipal ordinance. Unpaid service charges may be collected in the manner provided in Title 38, section 1208.

SUMMARY

This bill amends the law governing a municipality's authority to impose service charges on institutions and organizations that own certain property exempt from taxation to remove the limitation that the property subject to the charge must be residential property used to provide residential income. It also removes the exemption for student housing and parsonages and clarifies that service charges may be imposed for one or more municipal services.

Prepared by the Office of Policy and Legal Analysis
For Task Force consideration October 21, 2026

Draft narrative for report

At several meetings, the Task Force members discussed the impact of tax-exempt property on municipal budgets, as a municipality is required to provide services to tax exempt properties without a mechanism for recovering those costs other than passing them along to other property taxpayers. Service center municipalities are likely to have higher concentrations of tax-exempt property. Taxpayers in those communities bear the cost of municipal services provided to those tax-exempt entities while the benefits provided often extend into nearby communities whose taxpayers do not bear the same tax burden for those services. In discussing some of the ways in which municipalities are able to raise revenue other than through property taxes, the Task Force reviewed an existing provision of law that permits municipalities to impose "service charges" in connection with municipal services provided to certain tax-exempt entities. While current data regarding how many municipalities have adopted ordinances to impose service charges was not available, the members noted that the existing law was quite limited in scope: applying only to residential property that is used to provide rental income, other than student housing or parsonages. Broadening the authority of municipalities to seek compensation for services they provide may result in more municipalities utilizing this option and a reduction in the burden that other property taxpayers bear for the provision of those services. The members noted that not every municipality may feel it is necessary to seek to impose service charges, but this would be a tool that may be useful for some. The members considered the specific statutory language and expressed concern about requiring charges to be calculated according to the *actual* cost of the services provided to that property. Several members felt that tying the service charges to actual costs in this way could result in disputes regarding the amount of those costs and that could frustrate the Task Force's intent to make this option more useful for municipalities. Additionally, the members felt that municipalities should be able to select those municipal services for which they impose service charges and a majority of the Task Force members recommended that the statute be amended to clarify that a municipality may adopt an ordinance to impose service charges in connection with one or more municipal services.

If supported by a majority of the Task Force: A majority of the Task Force recommends that the Legislature enact legislation to amend 36 MRS §508 to allow a municipality to impose service charges on the owner of any property totally exempt from taxation under section 652 for one or more municipal services and the service charges must be based on the cost of providing services to that property.

DRAFT

DRAFT RECOMMENDATION REGARDING IMPACT FEES

[The Task Force/a majority of the Task Force] recommends that the Legislature seek ways for the State to develop inventory of municipalities across the state that have adopted impact fee ordinances as recommended in the January 2026 report from the Department of Economic and Community Development pursuant to Resolve 2025, chapter 85.

Draft narrative for report

As a part of a discussion of municipal revenue sources, the Task Force members received information regarding the availability of impact fees under Title 30-A, section 4354 as a mechanism by which municipalities may pay for infrastructure improvements that might otherwise be borne by property taxpayers. The Task Force learned that some municipalities have adopted impact fee ordinances and reviewed a few examples of impact fees imposed on new developments. Additionally, the Task Force discussed the results of a January 1, 2026, Department of Economic and Community Development report[1] regarding a working group review of the process for setting impact fees. The report noted that "[n]o state agency or partner organization is tracking municipal adoption of impact fee ordinance;" however, "a review of available ordinances suggest the number is in the double digits." Among other recommendations, the working group recommended that a state agency or partner organization establish an inventory of municipalities across the state that have adopted impact fee ordinances. The Task Force discussed the value of impact fees in lessening the burden on municipal property taxpayers and considered whether additional technical assistance would facilitate greater adoption of such ordinances. The members generally agreed that this should be an optional tool available to municipalities, but several members commented that collecting data regarding the usage of impact fees was an appropriate place to start. The members discussed what mechanism might be appropriate for gathering municipal data, noting that a state agency such as the Maine Office of Community Affairs would likely need financial assistance to take on such a project. Municipalities report data to Maine Revenue Services on an annual basis through the Municipal Valuation Return (MVR); however, it was noted that using the MVR to collect data like this would also likely pose challenges due to coding changes and testing that would be necessary.

If supported by a majority of the Task Force: A majority of the Task Force agreed that supporting the recommendation from the Department of Economic and Community Development report was an appropriate first step. As such, a majority of the Task Force recommends that the Legislature seek ways for the State to develop an inventory of municipalities across the state that have adopted impact fee ordinances as recommended in the January 2026 report from the Department of Economic and Community Development pursuant to Resolve 2025, chapter 85.

[1] The report was issued pursuant to Resolve 2025, chapter 85 (L.D. 1246).

DRAFT LEGISLATION TO
AMEND THE LAWS RELATED TO PILOTS FOR STATE PROPERTY

Be it enacted by the People of the State of Maine as follows:

Sec. 1. 36 MRSA §271, sub-§2, ¶A, as amended by PL 2019, c. 401, Pt. A, §4, is further amended by amending subparagraph (7) to read:

(7) The current use valuation of certain working waterfront land law, chapter 105, subchapter 10-A; ~~and~~

Sec. 2. 36 MRSA §271, sub-§2, ¶A, as amended by PL 2019, c. 401, Pt. A, §4, is further amended by amending subparagraph (8) to read:

(8) Section 209; and

Sec. 3. 36 MRSA §271, sub-§2, ¶A, as amended by PL 2019, c. 401, Pt. A, §4, is further amended by enacting a new subparagraph (9) to read:

(9) Section 662;

Sec. 4. 36 MRSA §662 is enacted to read:

§662. Payments in lieu of taxes

Beginning April 1, 2029 and annually thereafter, the State shall pay a municipality an amount in lieu of taxes equal to the amount of property taxes on property exempt from taxation under section 651, subsection 1, paragraph B not paid to that municipality during the previous calendar year. In the case of an unorganized territory, the bureau shall annually pay the amount to the State Tax Assessor who shall deposit that amount in the Unorganized Territory Education and Services Fund established in Title 36, chapter 115.

SUMMARY

This bill requires, beginning April 1, 2029 and annually thereafter, the State to pay a municipality an amount in lieu of taxes equal to the amount of property taxes on State property exempt from taxation not paid to that municipality during the previous calendar year. The bill gives the State Board of Property Tax review the power to hear and determine appeals.

Draft narrative for report

Task Force members discussed the property tax exemption applicable to state-owned property and how this puts a disproportionate burden on the municipality that hosts the state-owned property. In an effort to rectify this, a majority of the Task Force recommends that the Legislature enact legislation to require the State to make payments in lieu of taxes in an amount that the municipality that hosts the state-owned property would have received had the state-owned property been subject to taxation. In recommending this payment in lieu of taxes, members are cognizant of the potential tax implications that could arise from requiring the State to reimburse municipalities. Members were clear that they do not wish for this proposal to lead to other tax changes that increase inequities, such as increasing the sales tax or significantly increasing the State budget. Members are aware in proposing this policy that future legislators must be cautious about the sources of revenue used to reimburse municipalities. Members also expressed that at this point, they don't possess data on how much money would be required to reimburse municipalities, but that if the proposal is accepted by the Legislature it would be subject to further scrutiny and calculation and could shed light on the tax burden that those host communities face.

If supported by a majority of the Task Force: A majority of the Task Force recommends that the Legislature enact legislation to require the State to make payments in lieu of taxes in an amount that the municipality that hosts the state-owned property would have received had the state-owned property been subject to taxation.

DRAFT

Maine State Legislature
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MEMORANDUM

TO: Members, Real Estate Property Tax Relief Task Force

FROM: Lindsay J. Laxon, Legislative Analyst

DATE: October 21, 2026

RE: PILOTS required by law – other state information

Below are examples of states that require payments in lieu of taxes for various types of tax-exempt entities provided by the National Conference of State Legislatures.

State-owned Property

State	Summary of programs	Link to statutes
Colorado	Colo. Const. art. XXVII, § 10 and C.R.S. § 33-60-104.5. Real property that state agencies acquire with Great Outdoors Colorado trust fund money carries payments in lieu of taxes to the county, which shall be made from money the trust fund makes available. An agency that has not received the funds to make the payments by the property tax due date may not accept further trust fund grants for land acquisition until payments are brought up to date.	https://colorado.public.law/statutes/crs_33-60-104.5
Michigan	MCL 324.2150 to 324.2154 (Natural Resources and Environmental Protection Act, Part 21). The department of treasury shall pay each county a per-acre amount on tax reverted, recreation, forest and other lands under the Department of Natural Resources' control: $4.00 per acre after 2014, adjusted annually. That payment is in lieu of all other taxes on the land.	https://ombudsman.legislature.mi.gov/documents/mcl/pdf/MCL-324-2150.pdf
Minnesota	Minn. Stat. §§ 477A.11 to 477A.14. An annual open appropriation from the general fund funds payments in lieu of taxes on state natural resources land, and the commissioner of revenue shall pay counties set amounts per acre by type of land. For acquired natural resources land the amount was $5.133 per acre or, at the county's option, three-fourths of 1% of appraised value, whichever is greater.	https://www.revisor.mn.gov/statutes/cite/477A.12

Missouri	Mo. Const. art. IV, § 43(b). Conservation sales tax revenue shall also be used by the Conservation Commission to make payments to counties, for distribution to political subdivisions, in lieu of real property taxes on the unimproved value of privately owned land the commission acquired after July 1, 1977, and on forest cropland. The commission sets the amount, which may never be less than the property tax being paid when the land was purchased.	https://law.justia.com/constitution/missouri/article-iv/section-43-b/
New Jersey	N.J.S.A. 13:8C-29 and 13:8C-30 (Garden State Preservation Trust Act). For land owned in fee simple by the State (or by a qualifying tax-exempt nonprofit) and permanently preserved for recreation and conservation, the State shall pay each municipality annually on October 1 a per-acre amount on a sliding scale: $2, $5, $10 or $20 per acre under § 29, rising with the share of the municipality's land that is preserved open space.	https://njlm.org/CivicAlerts.asp?AID=3715
Ohio	Ohio Rev. Code §§ 1531.27 and 1501.29. The chief of the Division of Wildlife shall pay county treasurers each year 1% of the value, excluding improvements, of state-owned land the division administers, using the taxable value on the auditor's records when the state acquired it; the money comes from wildlife fines and is credited to schools (§ 1531.27). Separately, the Director of Natural Resources shall pay county treasurers 2.5% of the unimproved taxable value of certain large tracts of qualifying land, from the state park fund or wildlife fund (§ 1501.29).	https://codes.ohio.gov/orc/section-1531.27
Oregon	ORS 496.340. Whenever real property owned by the State Fish and Wildlife Commission is exempt from taxation because the state owns it, the commission shall pay the county where it sits an amount equal to the ad valorem taxes that would have been charged had the property been assessed to a taxable owner. Payment is due by November 15, and the commission shall make the payments annually from the State Wildlife Fund.	https://oregon.public.law/statutes/ors_496.340
Pennsylvania	§17 Act 54 of 2024. The Department of Conservation and Natural Resources, the Game Commission and the Fish and Boat Commission pay a flat amount per acre on state forests, parks, game lands and other land they hold. Under the 2024 act each agency's payment is split among the county, municipality and school district, with inflation adjustments every five years from fiscal year 2030-31.	https://www.palegis.us/statutes/unconsolidated/law-information/view-statute?txtType=PDF&SessYr=2024&ActNum=0054.&SessInd=0
Vermont	32 V.S.A. § 3708. The State shall annually pay each municipality a payment in lieu of taxes on land held by the Agency of Natural Resources, excluding buildings and improvements. The base payment is 0.60% of fair market value for parcels acquired before April 1, 2016, and the municipal tax rate applied to the assessed value in the year of	https://legislature.vermont.gov/statutes/section/32/123/03708

	acquisition for later parcels. About 80% of the money comes from general funds allocated by the Legislature.	
Washington	RCW 77.12.201 and 77.12.203. A county may elect, by written notice before January 1, to receive an amount in lieu of real property taxes on Department of Fish and Wildlife game lands for the following year. For a county that has elected, the state treasurer, on behalf of the department, must distribute by April 30 each year an amount equal to what is paid on similar parcels of open space land. Buildings, game farms, fish hatcheries and similar facilities are excluded.	https://app.leg.wa.gov/rcw/default.aspx?cite=77.12.203
Wisconsin	Wis. Stat. §§ 70.113 and 70.114. For state forests, parks and other conservation land acquired before 1992, the Department of Natural Resources shall pay each city, village or town set amounts per acre each year (§ 70.113). For land acquired after December 31, 1991, the department shall pay aids in lieu of taxes equal to the tax that would be levied on the parcel if it were taxable, valued from its purchase price (§ 70.114).	https://docs.legis.wisconsin.gov/statutes/statutes/70/114

Private Nonprofits

States	Summary of programs	Link to statutes
Connecticut	Conn. Gen. Stat. § 8-119k. An eligible developer approved for state financial assistance for congregate housing for the elderly must pay the municipality a yearly sum in lieu of real property taxes, special benefit assessments and sewer use charges. The municipality sets the amount with the approval of the Commissioner of Housing, up to 10% of shelter rent per occupied unit and never more than the taxes otherwise due. Under § 8-39, eligible developers include nonprofit corporations, alongside business corporations and municipal developers.	https://law.justia.com/codes/connecticut/title-8/chapter-128/section-8-119k/
Delaware	9 Del. C. ch. 81, subch. III (Nonprofit Housing for the Elderly). A church, religious society, charitable corporation or nonprofit organization granted the exemption for elderly housing must pay the county and other political subdivisions a special assessment in lieu of taxes of at least 10% of gross rentals, less the cost of utilities and of special social services for residents.	https://delcode.delaware.gov/title9/c081/sc03/index.html
Michigan	MCL 125.1415a (State Housing Development Authority Act). Housing projects owned by nonprofit housing corporations, consumer housing cooperatives, limited dividend housing corporations and similar entities, financed with a federally-aided or authority-aided mortgage, are exempt from property tax. The owner must pay the municipality an annual service charge for public services in lieu of all taxes. A municipality may set or change the charge by ordinance, but it may not exceed the taxes otherwise due.	https://ombudsman.legislature.mi.gov/documents/mcl/pdf/MCL-125-1415A.pdf

Nebraska	Neb. Rev. Stat. § 77-211. Any political subdivision, tax-exempt corporation or proprietorship acting with respect to a hospital that provides office buildings or office space to tenants engaged in private enterprise must charge enough rent that a portion is in lieu of taxes. The payments go to the county treasurer and equal what each taxing unit would have received if the leased property were not exempt. § 77-212 excepts space used for supportive medical services to patients.	https://law.justia.com/codes/nebraska/chapter-77/statute-77-211/
New Hampshire	RSA 72:23-k. Charitable, nonprofit community housing and community health care facilities for elderly and disabled persons are exempt, with a payment to the municipality in lieu of taxes. If the owner and municipality cannot agree on an amount, the payment may not exceed the lower of 10% of shelter rent or the municipal (non-school) tax rate applied to the assessed value. RSA 72:23-d through 72:23-j set similar payments, generally 10% of shelter rent, for specific named nonprofits.	https://gc.nh.gov/rsa/html/V/72/72-23-k.htm
New Jersey	N.J.S.A. 40:48J-1 (P.L. 2021, c.17). Nonprofit hospitals keep their property tax exemption but must pay the host municipality an annual community service contribution: $3 per licensed bed per day for hospitals and $300 per day for satellite emergency care facilities in tax year 2021, rising 2% each year. Paid in quarterly installments. A hospital with a voluntary PILOT agreement pays the greater of the two amounts.	https://pub.njleg.gov/bills/2020/PL21/17_.HTM
North Dakota	Provision 1 of 2: N.D.C.C. § 10-06.1-10. A nonprofit organization that acquires farmland or ranchland for conservation purposes must make payments in lieu of property taxes on the property, calculated as if the property were subject to full assessment and levy of property taxes.	https://ndlegis.gov/cencode/t10c06-1.html
North Dakota	Provision 2 of 2: N.D.C.C. § 57-02-08(43). Affordable rental housing owned by a qualified nonprofit entity is exempt when certified by the North Dakota Housing Finance Agency. In lieu of property taxes, owners must pay 5% of the balance of total annual rents collected in the preceding calendar year, minus utility costs.	https://ndlegis.gov/cencode/t57c02.html
Oregon	ORS 307.480 to 307.510 (payment requirement at ORS 307.490). Nonprofit corporations granted the exemption for eligible agricultural workforce housing, farm labor camps or child care facilities must make payments in lieu of real and personal property taxes, calculated from rentals (see ORS 307.490 for the rate). The exemption is not allowed in later years unless the nonprofit submits rental details and proof that the required payments were made (ORS 307.495).	https://www.oregonlegislature.gov/bills_laws/ors/ors307.html
Tennessee	T.C.A. § 67-5-207. Property of nonprofit corporations used as permanent housing for low-income elderly persons or persons with disabilities, financed under specified federal or state programs, is exempt. Owners of projects with more than 12 qualifying units must agree to make payments in lieu of taxes to the county or municipality, not to exceed the estimated cost of the improvements, facilities or services furnished.	https://law.justia.com/codes/tennessee/title-67/chapter-5/part-2/section-67-5-207/

West Virginia	W. Va. Code § 11-3-9(a)(29) and (h). Real property of a nonprofit youth development organization that contains a facility built for at least $100 million is exempt even when leased or used to generate revenue. The owner must pay a fee of 1.25% of gross revenues from specified facilities, uses, activities and operations.	https://code.wvlegislature.gov/11-3-9/

Public Housing Authorities

States	Summary of programs	Link to statutes
Connecticut	Conn. Gen. Stat. § 8-118a (elderly housing, up to 10% of shelter rent) and § 8-71 (moderate rental housing, up to 12.5%). A housing authority must pay the municipality each year a sum set by the municipality with the Commissioner of Housing's approval, never more than the taxes otherwise due.	https://law.justia.com/codes/connecticut/title-8/chapter-128/section-8-118a/
Illinois	310 ILCS 10/29 (Housing Authorities Act). After a project is occupied, the authority files a yearly statement of shelter rentals with the assessing authority. Unless the authority and its city, village, town or county have agreed on a different amount, 5% of those rentals is charged and collected as a service charge, in the manner of taxes, and distributed among the taxing bodies. An agreed amount may be higher or lower but may not exceed the taxes otherwise payable.	https://ilga.gov/legislation/ilcs/documents/031000100K29.htm
Minnesota	Minn. Stat. § 469.040, subd. 3. After a project is occupied, the authority files a yearly statement of shelter rentals, and 5% of those rentals is charged to the authority as a service charge (defined as a payment in lieu of taxes), collected like taxes. The local governing body and the authority may agree to a higher charge, capped at the taxes otherwise payable.	https://www.revisor.mn.gov/statutes/cite/469.040
Ohio	Ohio Rev. Code § 3735.35. A metropolitan housing authority shall make annual payments to the county treasurer, for distribution, on the property it owns or acquires for its housing purposes. Payments are set at the maximum amount consistent with obtaining federal assistance under the United States Housing Act of 1937 and may never exceed the taxes that would be payable if the project were not exempt.	https://codes.ohio.gov/ohio-revised-code/section-3735.35
Oklahoma	63 O.S. § 1066 (Oklahoma Housing Authorities Act). In lieu of taxes on its property, an authority shall agree to make such payments as the governing body of the city or county finds consistent with the purposes of the act; half of each payment goes to the school district where the property sits.	https://law.justia.com/codes/oklahoma/title-63/section-63-1066/
Tennessee	T.C.A. § 67-5-206(a). Housing authority property is exempt, and the authority must agree to make payments to the county, city, town or metropolitan government for services, improvements or facilities furnished for its housing projects, not to exceed their estimated cost. The link is a University of Tennessee summary of the statute.	https://law.justia.com/codes/tennessee/title-67/chapter-5/part-2/section-67-5-206/

DRAFT RECOMMENDATION
REGARDING THE PROPERTY TAX FAIRNESS CREDIT

A majority of the Task Force recommends that the Legislature work with [enact legislation to assist?] the Maine Municipal Association [municipalities?] to encourage municipalities to provide more information regarding the Property Tax Fairness Credit in property taxpayer bills [either through information directly on the bill or as an insert?].

Draft narrative for report

During its meetings in 2025, the Task Force discussed Maine's Property Tax Fairness Credit and noted that, due to the timing of the tax credit, it does not provide relief at the time that the taxpayer is paying their property taxes. The members discussed that this timing difference can lead to a disassociation between the relief and the property tax payment. As a result of their discussions, the Task Force unanimously recommended that, if the Taxation Committee considered immediate changes to existing real estate property tax relief programs in the Second Regular Session of the 132nd Legislature, the Committee focus on the Property Tax Fairness Credit as the most targeted tool to provide such relief. The recommendation also noted that the Committee should consider allowing a taxpayer's income tax credit to offset their property tax bill. During its meetings in 2026, the members continued to support trying to address the timing issue and expressed interest in understanding what limitations may exist at the state and municipal level that would affect the ability of the Legislature to change the timing of the Property Tax Fairness Credit. The Task Force chairs asked Maine Revenue Services to consider this question and consult with the Maine Municipal Association to identify any administrative or legal impediments of which the Task Force should be aware if it wishes to make recommendations to effect these changes. At the Task Force's September 29th meeting, a representative of Maine Revenue Services identified concerns and questions that would arise if the Legislature were to amend the program. These include timing concerns, as the income tax and property tax systems are on different calendars, privacy concerns, as property tax commitments are public records yet income tax information is confidential, and various logistical concerns. The members concluded that the intent of suggesting this change related to consumer awareness and a majority of members felt that additional information on property tax bills regarding the program might be a first step in increasing that awareness.

If supported by a majority of the Task Force: A majority of the Task Force recommends that the Legislature work with [enact legislation to assist?] the Maine Municipal Association [municipalities?] to encourage municipalities to provide more information regarding the Property Tax Fairness Credit in property taxpayer bills [either through information directly on the bill or as an insert?].

Prepared by the Office of Policy and Legal Analysis
For Task Force consideration October 21, 2026

DRAFT

CHAPTER 908

DEFERRED COLLECTION OF HOMESTEAD PROPERTY TAXES

§6250. Definitions

As used in this chapter, unless the context otherwise indicates, the following terms have the following meanings. [PL 1989, c. 534, Pt. C, §1 (NEW).]

1. Benefited property.
[PL 1989, c. 534, Pt. C, §1 (NEW); PL 1989, c. 713, §1 (RP).]

2. Bureau. "Bureau" means the Bureau of Revenue Services.
[PL 1989, c. 534, Pt. C, §1 (NEW); PL 1997, c. 526, §14 (AMD).]

2-A. Disability. "Disability" means a permanent and total impairment or condition that prevents an individual from being employed as determined by an agency of this State or of the Federal Government or pursuant to routine technical rules adopted by the State Tax Assessor.
[PL 2021, c. 483, Pt. AA, §2 (NEW); PL 2021, c. 483, Pt. AA, §21 (AFF).]

➔ To remove the limitation on the amount of acreage eligible for the PTDP, the definition of "Homestead" in this chapter will need to be amended. It does not appear that this definition is used elsewhere in statute.

3. Homestead. "Homestead" means the owner-occupied principal dwelling owned by the taxpayer and up to 10 contiguous acres upon which it is located. If the homestead is located in a multi-unit building, the homestead is the portion of the building actually used as the principal dwelling and its percentage of the value of the common elements and of the value of the tax lot upon which it is built. The percentage is the value of the unit consisting of the principal dwelling compared to the total value of the building exclusive of the common elements, if any. "Homestead" includes the taxpayer-occupied principal dwelling and up to 10 contiguous acres upon which it is located that is held in a revocable living trust for the benefit of the taxpayer.
[PL 2025, c. 113, Pt. A, §3 (AMD).]

➔ As currently drafted, the definition of homestead has two parts: (1) the building; and (2) the land. The "10 contiguous acres" refers to the land portion and it specifies that the building must be located on that land. In removing the "10 contiguous acres" provisions, you will want to consider how to define the land that will be eligible for this program.

- Would it be all land "upon which it [the building] is located?
- Does this land need to be contiguous? Can the building be located on non-contiguous land?
- Should there be some or any limitations? How does increasing or eliminating the acreage limits align with the program goals?

➔ Additional questions:

- The Task Force indicated establishing a date for the new definition to take effect? What should that date be?
- Would the new definition apply only to property entering the program for the first time? Or could a property currently in the program include additional acreage in their deferral after this new provision takes effect? Would that be administratively feasible?
- Are there any other proposed changes to this program?

3-A. Liquid asset. "Liquid asset" means something of value available to an individual that can be converted to cash in 3 months or less and includes:

A. Bank accounts; [PL 2021, c. 483, Pt. AA, §4 (NEW); PL 2021, c. 483, Pt. AA, §21 (AFF).]

B. Certificates of deposit; [PL 2021, c. 483, Pt. AA, §4 (NEW); PL 2021, c. 483, Pt. AA, §21 (AFF).]

C. Money market and mutual funds; [PL 2021, c. 483, Pt. AA, §4 (NEW); PL 2021, c. 483, Pt. AA, §21 (AFF).]

D. Life insurance policies; [PL 2021, c. 483, Pt. AA, §4 (NEW); PL 2021, c. 483, Pt. AA, §21 (AFF).]

E. Stocks and bonds; and [PL 2021, c. 483, Pt. AA, §4 (NEW); PL 2021, c. 483, Pt. AA, §21 (AFF).]

F. Lump-sum payments and inheritances. [PL 2021, c. 483, Pt. AA, §4 (NEW); PL 2021, c. 483, Pt. AA, §21 (AFF).]

[PL 2021, c. 483, Pt. AA, §4 (NEW); PL 2021, c. 483, Pt. AA, §21 (AFF).]

3-B. Municipality. "Municipality" means a city, town, plantation or the unorganized territory.
[PL 2021, c. 483, Pt. AA, §5 (NEW); PL 2021, c. 483, Pt. AA, §21 (AFF).]

4. Tax-deferred property. "Tax-deferred property" means the property upon which taxes are deferred under this chapter.
[PL 1989, c. 534, Pt. C, §1 (NEW).]

5. Taxes. "Taxes" or "property taxes" means ad valorem taxes, assessments, fees and charges entered on the assessment and tax roll.
[PL 1989, c. 534, Pt. C, §1 (NEW).]

6. Taxpayer. "Taxpayer" means an individual who has filed a claim for deferral under this chapter or individuals who have jointly filed a claim for deferral under this chapter.
[PL 1989, c. 534, Pt. C, §1 (NEW).]

SECTION HISTORY

PL 1989, c. 534, §C1 (NEW). PL 1989, c. 713, §1 (AMD). PL 1997, c. 526, §14 (AMD). PL 2021, c. 483, Pt. AA, §§2-5 (AMD). PL 2021, c. 483, Pt. AA, §21 (AFF). PL 2025, c. 113, Pt. A, §3 (AMD).

§6251. Deferral of tax on homestead; joint election; age requirement; filing claim

1. Filing claim. Subject to section 6252, a taxpayer may apply to defer the property taxes on the taxpayer's homestead by filing a claim for deferral with the municipal assessor after January 1st but no later than April 1st of the first year in which deferral is claimed if:

A. The taxpayer filing a claim is 65 years of age or older or is unable to be employed by reason of disability on April 1st of the year in which the claim is filed; [PL 2021, c. 483, Pt. AA, §6 (AMD); PL 2021, c. 483, Pt. AA, §21 (AFF).]

B. The taxpayer, if the sole owner of the property, has income, as defined in section 5219-KK, subsection 1, paragraph D, of less than $40,000 for the calendar year immediately preceding the calendar year in which the claim is filed or, for applications filed after January 1, 2024, income of less than $80,000 for the calendar year immediately preceding the calendar year in which the claim is filed. In the case of property that is owned by more than one owner, all owners together have income, as defined in section 5219-KK, subsection 1, paragraph D, of less than $40,000 for the calendar year immediately preceding the calendar year in which the claim is filed or, for applications filed after January 1, 2024, income of less than $80,000 for the calendar year immediately preceding the calendar year in which the claim is filed; [PL 2023, c. 523, Pt. A, §14 (RPR).]

C. The taxpayer, if the sole owner of the property, has liquid assets of less than $50,000 or, for applications filed after January 1, 2024, less than $100,000. In the case of property that is owned by more than one owner, all the owners together have liquid assets of less than $75,000 or, for applications filed after January 1, 2024, less than $150,000; and [PL 2023, c. 523, Pt. A, §15 (RPR).]

D. The taxpayer's homestead receives a homestead exemption under chapter 105, subchapter 4-B. [PL 2021, c. 483, Pt. AA, §6 (NEW); PL 2021, c. 483, Pt. AA, §21 (AFF).]

The municipal assessor shall forward each claim filed under this subsection to the bureau within 30 days of receipt and the bureau shall determine if the property is eligible for deferral. Claims must be filed on a form approved by the State Tax Assessor and must include all information requested by the State Tax Assessor, including without limitation the taxpayer's and the taxpayer's direct heirs' contact information. Income and liquid assets of all individual owners of a homestead must be included in an application for deferral.
[PL 2023, c. 523, Pt. A, §§14, 15 (AMD).]

2. Property tax deferral. If a taxpayer is determined to be eligible to defer property taxes for any year by filing a claim for deferral under subsection 1, it has the effect of:

A. Deferring the payment of the property taxes levied on the homestead for the municipal fiscal year beginning on or after April 1st of that year; [PL 1989, c. 534, Pt. C, §1 (NEW).]

B. Continuing deferral of the payment by the taxpayer of any property taxes deferred under this chapter for previous years that have not become delinquent under section 6260; and [PL 1989, c. 534, Pt. C, §1 (NEW).]

C. Continuing the deferral of the payment by the taxpayer of any future property taxes for as long as the provisions of section 6252 are met or the taxpayer withdraws from the deferral of future property taxes under this chapter by notifying the bureau as provided in section 6258. [PL 2021, c. 483, Pt. AA, §6 (AMD); PL 2021, c. 483, Pt. AA, §21 (AFF).]
[PL 2021, c. 483, Pt. AA, §6 (AMD); PL 2021, c. 483, Pt. AA, §21 (AFF).]

3. Guardian, conservator and agent compliance. If a guardian, conservator or agent under a power of attorney or pursuant to a protective arrangement or any other lawful order has been appointed for a taxpayer otherwise qualified to obtain deferral of taxes under this chapter, the guardian, conservator or agent may act for that taxpayer in complying with this chapter.
[PL 2021, c. 483, Pt. AA, §6 (AMD); PL 2021, c. 483, Pt. AA, §21 (AFF).]

4. Trustee compliance. A trustee of a revocable inter vivos trust, if that trust was created by a taxpayer who is both the trustor and a beneficiary and who is otherwise qualified to obtain a deferral of taxes under this chapter, may act for the taxpayer in complying with this chapter.
[PL 2021, c. 483, Pt. AA, §6 (AMD); PL 2021, c. 483, Pt. AA, §21 (AFF).]

5. Spouse not required to claim.
[PL 2021, c. 483, Pt. AA, §6 (RP); PL 2021, c. 483, Pt. AA, §21 (AFF).]

6. Appeal. A taxpayer aggrieved by the denial of a claim for deferral of homestead property taxes or disqualification from deferral of homestead property taxes may file an appeal of the State Tax Assessor's determination, within 30 days of notification of denial or disqualification by the State Tax Assessor, with the State Board of Property Tax Review as provided in chapter 101, subchapter 2-A.
[PL 2021, c. 630, Pt. B, §6 (AMD).]

SECTION HISTORY

PL 1989, c. 534, §C1 (NEW). PL 1989, c. 713, §§2,3 (AMD). PL 1989, c. 875, §E50 (AMD). PL 1993, c. 395, §31 (AMD). PL 2021, c. 483, Pt. AA, §6 (AMD). PL 2021, c. 483, Pt. AA, §21 (AFF). PL 2021, c. 630, Pt. B, §6 (AMD). PL 2023, c. 360, Pt. A, §§11, 12 (AMD). PL 2023, c. 412, Pt. S, §§6, 7 (AMD). PL 2023, c. 523, Pt. A, §§14, 15 (AMD).

§6252. Property entitled to deferral

In order to qualify for tax deferral under this chapter, the property must meet all of the following requirements when the claim is filed and thereafter as long as the payment of taxes by the taxpayer is deferred. [PL 1989, c. 534, Pt. C, §1 (NEW).]

1. Claimant's homestead. The property must be the homestead of the individual or individuals who file the claim for deferral, except for an individual required to be absent from the homestead by reason of health.
[PL 1989, c. 534, Pt. C, §1 (NEW).]

2. Fee simple estate. The individual claiming a deferral must, solely or together with the individual's spouse, own the fee simple estate or be purchasing the fee simple estate under a recorded instrument of sale, or 2 or more individuals must together own or be purchasing the fee simple estate with rights of survivorship under a recorded instrument of sale if all owners live in the homestead. For purposes of this subsection, property held in a revocable living trust for the benefit of the taxpayer is deemed to be a fee simple estate owned by the taxpayer.
[PL 2025, c. 662, Pt. C, §8 (AMD).]

3. No prohibitions. There must be no prohibition to the deferral of property taxes contained in any provision of federal law, rule or regulation applicable to a mortgage, trust deed, land sale contract or conditional sale contract for which the homestead is security.
[PL 1989, c. 534, Pt. C, §1 (NEW).]

4. No duplicate deferral. The property is not receiving a deferral of taxes under chapter 908-A.
[PL 2021, c. 483, Pt. AA, §8 (NEW); PL 2021, c. 483, Pt. AA, §21 (AFF).]

5. No municipal lien. The property does not have an existing municipal lien against it other than a lien that may be released pursuant to section 6252-A, subsection 5.
[PL 2023, c. 523, Pt. A, §16 (AMD).]

SECTION HISTORY

PL 1989, c. 534, §C1 (NEW). PL 2021, c. 483, Pt. AA, §§7-9 (AMD). PL 2021, c. 483, Pt. AA, §21 (AFF). PL 2023, c. 412, Pt. S, §8 (AMD). PL 2023, c. 523, Pt. A, §16 (AMD). PL 2025, c. 662, Pt. C, §8 (AMD).

§6252-A. Deferral of delinquent taxes

Notwithstanding section 6252, subsection 5, a taxpayer who owes delinquent property taxes and whose property is subject to a municipal lien may qualify for tax deferral of a homestead under this chapter subject to the following conditions. [PL 2023, c. 412, Pt. S, §9 (NEW).]

1. Limit 2 years. The taxpayer owes no more than 2 years of delinquent property taxes at the time of application for deferral.
[PL 2023, c. 412, Pt. S, §9 (NEW).]

2. Added to deferred taxes. The amount of delinquent property taxes, plus interest and costs, must be determined as of a predetermined payoff date. This amount must be added to the amount of tax deferred for the first fiscal year pursuant to section 6251, subsection 2, paragraph A.
[PL 2023, c. 412, Pt. S, §9 (NEW).]

3. State lien. The amount of the state lien under section 6254 must be increased by the amount of delinquent property taxes deferred under this section.
[PL 2023, c. 412, Pt. S, §9 (NEW).]

4. Reimbursed to municipality or unorganized territory. An amount equal to the delinquent property taxes, interest and costs must be included in the certification provided by the State Tax Assessor to the Treasurer of State and reimbursed to the municipality or to the Unorganized Territory Education and Services Fund by the Treasurer of State pursuant to section 6257, subsection 1.
[PL 2023, c. 412, Pt. S, §9 (NEW).]

5. Release of lien. Upon receipt of full reimbursement for delinquent property taxes, interest and costs, the municipality, or the State Tax Assessor for the unorganized territory, shall release the lien attached to the homestead for those delinquent property taxes, interest and costs.
[PL 2023, c. 412, Pt. S, §9 (NEW).]

6. Restriction. A taxpayer who owns more than one residential property within the State subject to an existing municipal lien is not eligible to claim a deferral pursuant to this section.
[PL 2023, c. 613, Pt. A, §1 (AMD).]

SECTION HISTORY

PL 2023, c. 412, Pt. S, §9 (NEW). PL 2023, c. 613, Pt. A, §1 (AMD).

§6253. Claim forms; contents

1. Administration. A taxpayer's claim for deferral under this chapter must be in writing on a form supplied by the bureau and must:

A. Describe the homestead; [PL 1989, c. 534, Pt. C, §1 (NEW).]

B. Provide information establishing the eligibility for the deferral under this chapter, including information that establishes that the liquid assets and the income, as defined in section 5219-KK, subsection 1, paragraph D, are less than the limits set by section 6251, subsection 1 for the calendar year immediately preceding the calendar year in which the claim is filed; and [PL 2021, c. 483, Pt. AA, §10 (AMD); PL 2021, c. 483, Pt. AA, §21 (AFF).]

C. Contain any information required by the bureau to show that the requirements of section 6252 have been met. [PL 2021, c. 483, Pt. AA, §10 (AMD); PL 2021, c. 483, Pt. AA, §21 (AFF).]
[PL 2021, c. 483, Pt. AA, §10 (AMD); PL 2021, c. 483, Pt. AA, §21 (AFF).]

2. Statement verification. The claim must contain a statement verified by a written declaration of the taxpayer making the claim that the statements contained in the claim are true.
[PL 2021, c. 483, Pt. AA, §10 (AMD); PL 2021, c. 483, Pt. AA, §21 (AFF).]

SECTION HISTORY

PL 1989, c. 534, §C1 (NEW). PL 2021, c. 483, Pt. AA, §10 (AMD). PL 2021, c. 483, Pt. AA, §21 (AFF).

§6254. State liens against tax-deferred property

1. Lien. The lien provided in section 552 must continue for purposes of protecting the State's deferred tax interest in tax-deferred property. When it is determined that one of the events set out in section 6259 has occurred and that a property is no longer eligible for property tax deferral under this chapter, the State Tax Assessor shall send notice by certified mail to the taxpayer, or the taxpayer's heirs or devisees, listing the total amount of deferred property taxes, including accrued interest and costs of all the years and demanding payment on or before the due date established by section 6260.

When the circumstances listed in section 6259, subsection 4 occur, the amount of deferred taxes is due and payable 5 days before the date of removal of the property from the State.

If the deferred tax liability of a property has not been satisfied by the due date established by section 6260, the State Tax Assessor shall, within 30 days, record in the registry of deeds in the county where the real estate is located a tax lien certificate signed by the State Tax Assessor or bearing the assessor's facsimile signature, setting forth the total amount of deferred tax liability, a description of the real estate on which the tax was deferred and an allegation that a tax lien is claimed on the real estate to secure payment of the tax, that a demand for payment of the tax has been made in accordance with this section and that the tax remains unpaid.

At the time of the recording of the tax lien certificate in the registry of deeds, the State Tax Assessor shall send by certified mail, return receipt requested, to each record holder of a mortgage on the real estate, to the holder's last known address, a true copy of the tax lien certificate. The cost to be paid by the taxpayer, or the taxpayer's heirs or devisees, is the sum of the fees for recording and discharging of the lien as established by Title 33, section 751, plus $13. Upon redemption, the State Tax Assessor shall prepare and record a discharge of the tax lien mortgage. The lien described in section 552 is the basis of this tax lien mortgage procedure.

The filing of the tax lien certificate, provided for in this section, in the registry of deeds creates a mortgage on the real estate to the State and has priority over all other mortgages, liens, attachments and encumbrances of any nature and gives to the State all rights usually instant to a mortgage, except that the mortgagee does not have any right of possession of the real estate until the right of redemption expires.

Payments accepted during the redemption period may not interrupt or extend the redemption period or in any way affect the foreclosure procedures.
[PL 2025, c. 113, Pt. A, §4 (AMD).]

2. Foreclosure. If the mortgage, including interest and costs, is not paid within 12 months of the date on which the certificate was filed in the registry of deeds, as provided in this section, the mortgage is deemed foreclosed and the right of redemption expired.
[PL 1989, c. 534, Pt. C, §1 (NEW); PL 1989, c. 713, §4 (RPR).]

2-A. Inventory. The filing of the certificate in the registry of deeds is sufficient notice of the existence of the mortgage. Whenever the State acquires title to real estate, the State Tax Assessor shall cause an inventory to be made of all such real estate. The inventory must contain a description of the real estate, amount of accrued taxes by years and any information necessary to the administration and supervision of the real estate.
[PL 2001, c. 652, §11 (AMD).]

2-B. Sale; legislative authorization. After authorization by the Legislature, the State Tax Assessor shall sell or convey any real estate upon which a tax lien mortgage has been foreclosed

pursuant to this chapter, except sales to former owners of the real estate, using the sale process provided under section 943-C.

The supervision, administration, utilization and vindication of the right of the State in any such real estate is vested in the State Tax Assessor until the title is conveyed or otherwise disposed of by the Legislature.
[PL 2025, c. 662, Pt. C, §9 (AMD).]

3. Foreclosure receipts. Following the sale by the State Tax Assessor of real property acquired through the tax lien certificate procedure outlined in this chapter, all claims of the State evolving from the homestead property tax exemption are satisfied, as well as any tax delinquencies relative to the property in question in the municipality where located. The residual amount resulting from the sale of the property is to be returned to the former owner or to the owner's heirs or devisees.
[PL 1989, c. 534, Pt. C, §1 (NEW); PL 1989, c. 713, §4 (RPR).]

4. Dangerous buildings. The State Tax Assessor may request that the municipal officers, in the case of a municipality, or the county commissioners, in the case of the unorganized territory in their county, investigate any homestead subject to deferral and make determinations whether the homestead is a dangerous building pursuant to Title 17, chapter 91, subchapter 4. If eligible expenses pursuant to Title 17, section 2853 are incurred by a municipality or the county in the case of the unorganized territory, the State Tax Assessor shall reimburse those eligible expenses from funds in the Senior Property Tax Deferral Revolving Account under section 6266.
[PL 2021, c. 483, Pt. AA, §12 (NEW); PL 2021, c. 483, Pt. AA, §21 (AFF).]

SECTION HISTORY

PL 1989, c. 534, §C1 (NEW). PL 1989, c. 713, §4 (RPR). PL 2001, c. 652, §11 (AMD). PL 2007, c. 695, Pt. A, §45 (AMD). PL 2021, c. 483, Pt. AA, §§11, 12 (AMD). PL 2021, c. 483, Pt. AA, §21 (AFF). PL 2025, c. 113, Pt. A, §4 (AMD). PL 2025, c. 662, Pt. C, §9 (AMD).

§6255. Listing of tax-deferred property; interest accrual

1. Tax-deferred property list. If eligibility for deferral of homestead property is established as provided in this chapter, the bureau shall notify the municipal assessor and the municipal assessor shall show on the current ad valorem assessment and tax roll which property is tax-deferred property by an entry clearly designating that property as tax-deferred property.
[PL 1989, c. 534, Pt. C, §1 (NEW).]

2. Tax statement. When requested by the bureau, the municipal tax collector shall send to the bureau as soon as the taxes are extended upon the roll the tax statement for each tax-deferred property.
[PL 1989, c. 534, Pt. C, §1 (NEW).]

3. Interest. Interest accrues on the actual amount of payments advanced to the municipality for the tax-deferred property pursuant to section 186 reduced by one percentage point.
[PL 2021, c. 483, Pt. AA, §13 (AMD); PL 2021, c. 483, Pt. AA, §21 (AFF).]

SECTION HISTORY

PL 1989, c. 534, §C1 (NEW). PL 2021, c. 483, Pt. AA, §13 (AMD). PL 2021, c. 483, Pt. AA, §21 (AFF).

§6256. Recording liens in county; recording constitutes notice of state lien

1. Recording of liens. For each municipality in which there is tax-deferred property, the bureau shall cause to be recorded in the mortgage records of the county, a list of tax-deferred properties of that municipality. The list must contain a description of the property as listed in the municipal valuation

together with the name of the owner listed on the valuation. The list must be corrected annually to reflect the addition or deletion of deferred properties as well as partial payments received.
[PL 1989, c. 534, Pt. C, §1 (NEW); PL 1989, c. 713, §5 (AMD).]

2. Notice of recording. The recording of the tax-deferred properties under subsection 1 is notice that the bureau claims a lien against those properties in the amount of the deferred taxes plus interest together with any fees paid to the county register of deeds in connection with the recording, release or satisfaction of the lien, even though the amount of taxes, interest or fees is not listed.
[PL 1989, c. 534, Pt. C, §1 (NEW); PL 1989, c. 713, §5 (AMD).]

SECTION HISTORY

PL 1989, c. 534, §C1 (NEW). PL 1989, c. 713, §5 (AMD).

§6257. Payment of amount equivalent to deferred taxes by the State

1. Payment of deferred taxes. Within 30 days of the receipt of information from a municipal tax collector concerning the amount of deferred property taxes in the respective municipality, the State Tax Assessor shall certify that amount to the Treasurer of State who shall make payment to the municipality on or before the 15th day of the following month. Payments made for deferred property taxes in the unorganized territory must be made to the Unorganized Territory Education and Services Fund established in section 1605.
[PL 2021, c. 483, Pt. AA, §14 (AMD); PL 2021, c. 483, Pt. AA, §21 (AFF).]

1-A. Prorated payment of deferred taxes.
[PL 2021, c. 483, Pt. AA, §14 (RP); PL 2021, c. 483, Pt. AA, §21 (AFF).]

1-B. Reimbursement to taxpayers.
[PL 2021, c. 483, Pt. AA, §14 (RP); PL 2021, c. 483, Pt. AA, §21 (AFF).]

2. Accounts maintained. The bureau shall maintain accounts for each deferred property.
[PL 2021, c. 483, Pt. AA, §14 (AMD); PL 2021, c. 483, Pt. AA, §21 (AFF).]

SECTION HISTORY

PL 1989, c. 534, §C1 (NEW). PL 1989, c. 713, §6 (AMD). PL 1991, c. 528, §DD1 (AMD). PL 1991, c. 528, §RRR (AFF). PL 1991, c. 591, §DD1 (AMD). PL 1991, c. 622, §CC1 (AMD). PL 2021, c. 483, Pt. AA, §14 (AMD). PL 2021, c. 483, Pt. AA, §21 (AFF).

§6258. Annual notice to taxpayer

1. Annual deferral notice. On or before December 15th of each year, the bureau shall send a notice to each taxpayer who has claimed deferral of property taxes for the current tax year. The notice must:

A. Inform the taxpayer that the property taxes have been deferred in the current year; [PL 1989, c. 534, Pt. C, §1 (NEW).]

B. Show the total amount of deferred taxes remaining unpaid since initial application for deferral and the interest accruing therein to November 15th of the current year; [PL 1989, c. 534, Pt. C, §1 (NEW).]

C. Inform the taxpayer that voluntary payment of the deferred taxes may be made at any time to the bureau; and [PL 1989, c. 534, Pt. C, §1 (NEW).]

D. Contain any other information that the bureau considers necessary to facilitate administration of the homestead deferral program including, but not limited to, the right of the taxpayer to submit any amount of money to reduce the total amount of the deferred taxes and interest and the right of the taxpayer to withdraw from the deferral of future property taxes under this chapter by notifying

the bureau by any method that the bureau may prescribe. [PL 2021, c. 483, Pt. AA, §15 (AMD); PL 2021, c. 483, Pt. AA, §21 (AFF).]
[PL 2021, c. 483, Pt. AA, §15 (AMD); PL 2021, c. 483, Pt. AA, §21 (AFF).]

2. Notice mailed. The bureau shall give the notice required under subsection 1 by mail sent to the residence address of the taxpayer as shown in the claim for deferral or as otherwise determined by the bureau to be the correct address of the taxpayer.
[PL 1989, c. 534, Pt. C, §1 (NEW).]

SECTION HISTORY

PL 1989, c. 534, §C1 (NEW). PL 1989, c. 713, §7 (AMD). PL 2021, c. 483, Pt. AA, §15 (AMD). PL 2021, c. 483, Pt. AA, §21 (AFF).

§6259. Events requiring payment of deferred tax and interest

Subject to section 6261, all deferred property taxes, including accrued interest, become payable as provided in section 6260 when: [PL 1989, c. 534, Pt. C, §1 (NEW).]

1. Death of claimant. The taxpayer who claimed deferment of collection of property taxes on the homestead dies or, if there was more than one claimant, the survivor of the taxpayers who originally claimed deferment of collection of property taxes under section 6251 dies;
[PL 1989, c. 534, Pt. C, §1 (NEW).]

2. Sale of property. The property with respect to which deferment of collection of taxes is claimed is sold, a contract to sell is entered into, or some person other than the taxpayer who claimed the deferment becomes the owner of the property;
[PL 1989, c. 534, Pt. C, §1 (NEW).]

3. Claimant moves. The tax-deferred property is no longer the homestead of the taxpayer who claimed the deferral, except in the case of a taxpayer required to be absent from that tax-deferred property by reason of health; or
[PL 1989, c. 534, Pt. C, §1 (NEW).]

4. Removal of home. The tax-deferred property, a mobile or floating home, is moved out of the State.
[PL 1989, c. 534, Pt. C, §1 (NEW).]

SECTION HISTORY

PL 1989, c. 534, §C1 (NEW).

§6260. Time for payments; delinquencies

Whenever any of the circumstances listed in section 6259 occurs: [PL 1989, c. 534, Pt. C, §1 (NEW).]

1. Continuation of assessment year. The deferral of taxes for the assessment year in which the circumstance occurs shall continue for that assessment year;
[PL 1989, c. 534, Pt. C, §1 (NEW).]

2. Deferred property taxes due. The amounts of deferred property taxes, including accrued interest, for all years are due and payable to the bureau within 12 months of the date on which the circumstance occurs, except as provided in subsection 3 and sections 6261 and 6263;
[PL 2023, c. 441, Pt. B, §5 (AMD); PL 2023, c. 441, Pt. B, §7 (AFF).]

3. Out-of-state move. Notwithstanding the provisions of subsection 2 and section 6263, when the circumstance listed in section 6259, subsection 4, occurs, the amount of deferred taxes shall be due and payable 5 days before the date of removal of the property from the State; and
[PL 1989, c. 534, Pt. C, §1 (NEW).]

4. Delinquency. If the amounts falling due as provided in this section are not paid on the indicated due date or as extended under section 6263, those amounts shall be deemed delinquent as of that date and the property shall be subject to foreclosure as provided in section 6254.
[PL 1989, c. 534, Pt. C, §1 (NEW).]

SECTION HISTORY

PL 1989, c. 534, §C1 (NEW). PL 1991, c. 846, §38 (AMD). PL 2023, c. 441, Pt. B, §5 (AMD). PL 2023, c. 441, Pt. B, §7 (AFF).

§6261. Election by spouse to continue tax deferral

1. Continuation by spouse. When one of the circumstances listed in section 6259, subsections 1 to 3 occurs, the spouse who did not or was not eligible to file a claim jointly with the taxpayer may continue the property in its deferred tax status by filing a claim within the time and in the manner provided under section 6251 if:

A. The spouse of the taxpayer is or will be 65 years of age or older not later than 6 months from the day the circumstance listed in section 6259, subsections 1 to 3 occurs; and [PL 1989, c. 534, Pt. C, §1 (NEW).]

B. The property is the homestead of the spouse of the taxpayer and meets the requirements of section 6252, subsection 2. [PL 1989, c. 534, Pt. C, §1 (NEW).]
[PL 1989, c. 534, Pt. C, §1 (NEW).]

2. Continuation of deferral by spouse. A spouse who does not meet the age requirements of subsection 1, paragraph A or the disability requirement of section 6251, subsection 1, paragraph A, but is otherwise qualified to continue the property in its tax-deferred status under subsection 1 may continue the deferral of property taxes deferred for previous years by filing a claim within the time and in the manner provided under section 6251. If a spouse eligible for and continuing the deferral of taxes previously deferred under this subsection becomes 65 years of age or meets the disability requirement of section 6251, subsection 1, paragraph A prior to April 1st of any year, the spouse may elect to continue the deferral of previous years' taxes deferred under this subsection and may elect to defer the current assessment year's taxes on the homestead by filing a claim within the time and in the manner provided under section 6251. Thereafter, payment of the taxes levied on the homestead and deferred under this subsection and payment of taxes levied on the homestead in the current assessment year and in future years may be deferred in the manner provided in and subject to this chapter.
[PL 2021, c. 483, Pt. AA, §16 (AMD); PL 2021, c. 483, Pt. AA, §21 (AFF).]

3. Filing extension. Notwithstanding that section 6251 requires that a claim be filed no later than April 1st, if the bureau determines that good and sufficient cause exists for the failure of a spouse to file a claim under this section on or before April 1st, the claim may be filed within 90 days after notice of taxes due and payable under section 6260 is mailed or delivered by the department to the taxpayer or spouse.
[PL 1989, c. 534, Pt. C, §1 (NEW).]

SECTION HISTORY

PL 1989, c. 534, §C1 (NEW). PL 2021, c. 483, Pt. AA, §16 (AMD). PL 2021, c. 483, Pt. AA, §21 (AFF).

§6262. Voluntary payment of deferred tax and interest

1. Payments. All payments of deferred taxes shall be made to the bureau.

[PL 1989, c. 534, Pt. C, §1 (NEW).]

2. Taxes and interest. Subject to subsection 3, all or part of the deferred taxes and accrued interest may at any time be paid to the bureau by:

A. The taxpayer or the spouse of the taxpayer; [PL 2021, c. 483, Pt. AA, §17 (AMD); PL 2021, c. 483, Pt. AA, §21 (AFF).]

B. The next of kin of the taxpayer, heir at law of the taxpayer, child of the taxpayer or any person having or claiming a legal or equitable interest in the property; or [PL 2021, c. 483, Pt. AA, §17 (AMD); PL 2021, c. 483, Pt. AA, §21 (AFF).]

C. Any other person or organization making a payment as a gift to the taxpayer. [PL 2021, c. 483, Pt. AA, §17 (NEW); PL 2021, c. 483, Pt. AA, §21 (AFF).]

[PL 2021, c. 483, Pt. AA, §17 (AMD); PL 2021, c. 483, Pt. AA, §21 (AFF).]

3. Notice of payment. A person listed in subsection 2, paragraph B or C may make the payments only if no objection is made by the taxpayer within 30 days after the bureau deposits in the mail notice to the taxpayer of the fact that the payment has been tendered.

[PL 2021, c. 483, Pt. AA, §18 (AMD); PL 2021, c. 483, Pt. AA, §21 (AFF).]

4. Payment application. Any payment made under this section shall be applied first against accrued interest and any remainder against the deferred taxes. This payment does not affect the deferred-tax status of the property. Unless otherwise provided by law, this payment does not give the person paying the taxes any interest in the property or any claim against the estate, in the absence of a valid agreement to the contrary.

[PL 1989, c. 534, Pt. C, §1 (NEW).]

5. Lien discharge. When the deferred taxes and accrued interest are paid in full and the property is no longer subject to deferral, the bureau shall prepare and record in the county in which the property is located a lien discharge.

[PL 1989, c. 534, Pt. C, §1 (NEW).]

SECTION HISTORY

PL 1989, c. 534, §C1 (NEW). PL 2021, c. 483, Pt. AA, §§17, 18 (AMD). PL 2021, c. 483, Pt. AA, §21 (AFF).

§6263. Extension of time for payment upon death of claimant or spouse

1. Payment extension. If the taxpayer who claimed homestead property tax deferral dies, or if a spouse who continued the deferral under section 6261 dies, the bureau may extend the time for payment of the deferred taxes and interest accruing with respect to the taxes becoming due and payable under section 6260, subsection 2, if:

A. The homestead property becomes property of an individual or individuals:

(1) By inheritance or devise; or

(2) If the individual or individuals are heirs or devisees in the course of settlement of the estate; [PL 1989, c. 534, Pt. C, §1 (NEW).]

B. An individual or individuals commence occupancy of the property as a principal residence within 12 months of the date of death; and [PL 2023, c. 441, Pt. B, §6 (AMD); PL 2023, c. 441, Pt. B, §7 (AFF).]

C. An individual or individuals make application to the bureau for an extension of time for payment of the deferred taxes and interest within 12 months of the date of death. [PL 2023, c. 441, Pt. B, §6 (AMD); PL 2023, c. 441, Pt. B, §7 (AFF).]

[PL 2023, c. 441, Pt. B, §6 (AMD); PL 2023, c. 441, Pt. B, §7 (AFF).]

2. Extension terms. Subject to paragraph B, an extension granted under subsection 1 must be for a period not to exceed 6 years from the date of death. The terms and conditions under which the extension is granted must be in accordance with a written agreement entered into by the bureau and the individual or individuals.

An extension granted under this section terminates immediately if:

A. The homestead property is sold or otherwise transferred by any party to the extension agreement; [PL 1989, c. 534, Pt. C, §1 (NEW).]

B. All of the heirs or devisees who are parties to the extension agreement cease to occupy the property as a principal residence; or [PL 1989, c. 534, Pt. C, §1 (NEW).]

C. The homestead property, a mobile or floating home, is moved out of the State. [PL 2023, c. 441, Pt. B, §6 (AMD); PL 2023, c. 441, Pt. B, §7 (AFF).]

[PL 2023, c. 441, Pt. B, §6 (AMD); PL 2023, c. 441, Pt. B, §7 (AFF).]

3. Accrued interest. During the period of extension, and until paid, the deferred taxes continue to accrue interest in the same manner and at the same rate as provided under section 6255, subsection 3. Interest may not accrue upon interest.

[PL 2023, c. 441, Pt. B, §6 (AMD); PL 2023, c. 441, Pt. B, §7 (AFF).]

SECTION HISTORY

PL 1989, c. 534, §C1 (NEW). PL 2023, c. 441, Pt. B, §6 (AMD). PL 2023, c. 441, Pt. B, §7 (AFF).

§6264. Limitations

Nothing in this chapter is intended to or may be construed to: [PL 1989, c. 534, Pt. C, §1 (NEW).]

1. Foreclosure. Prevent the collection, by foreclosure, of property taxes which become a lien against tax-deferred property;

[PL 1989, c. 534, Pt. C, §1 (NEW).]

2. Benefited property.

[PL 1989, c. 534, Pt. C, §1 (NEW); PL 1989, c. 713, §8 (RP).]

3. Land provisions. Affect any provision of any mortgage, or other instrument relating to land, requiring a person to pay property taxes.

[PL 1989, c. 534, Pt. C, §1 (NEW).]

SECTION HISTORY

PL 1989, c. 534, §C1 (NEW). PL 1989, c. 713, §8 (AMD).

§6265. Deed or contract clauses preventing application for deferral prohibited; clauses void

After the effective date of this chapter, it shall be unlawful for any mortgage trust deed or land sale contract to contain a clause or statement that prohibits the owner from applying for the benefits of the deferral of homestead property taxes provided in this chapter. Any such clause or statement in a mortgage trust deed or land sale contract executed after the effective date of this chapter shall be void.

[PL 1989, c. 534, Pt. C, §1 (NEW).]

SECTION HISTORY

PL 1989, c. 534, §C1 (NEW).

§6266. Senior Property Tax Deferral Revolving Account; sources; uses

1. Revolving account. This section establishes in the State Treasury the Senior Property Tax Deferral Revolving Account, referred to in this section as "the revolving account," to be used by the bureau for the purpose of making the payments to municipal tax collectors and to the Unorganized Territory Education and Services Fund, established in section 1605, of property taxes deferred for tax years beginning on or after April 1, 2022, as required by section 6257, reimbursements, as required under section 6254, subsection 4, and repayment of transfers pursuant to subsection 5.
[PL 2021, c. 483, Pt. AA, §19 (AMD); PL 2021, c. 483, Pt. AA, §21 (AFF).]

2. Advancement of funds. The funds necessary to make payments under subsection 1 must be advanced to the bureau from time to time as necessary by the Treasurer of State as a transfer under subsection 4.
[PL 2021, c. 483, Pt. AA, §19 (AMD); PL 2021, c. 483, Pt. AA, §21 (AFF).]

3. Payments credited. All sums of money received by the bureau under this chapter as repayments of deferred property taxes including the interest accrued under section 6255, subsection 3, upon receipt, must be credited to the revolving account and must be available for the purposes of subsection 1 and subsection 5.
[PL 2021, c. 483, Pt. AA, §19 (AMD); PL 2021, c. 483, Pt. AA, §21 (AFF).]

4. Transfer request. If there is not sufficient money in the revolving account to make the payments required by subsection 1, the State Tax Assessor shall notify the Treasurer of State of the amount necessary to make the required payments and the Treasurer of State shall transfer that amount from the Housing Opportunities for Maine Fund, established in Title 30-A, section 4853, to the revolving account.
[PL 2021, c. 483, Pt. AA, §19 (AMD); PL 2021, c. 483, Pt. AA, §21 (AFF).]

5. Reimbursement of funds. When the bureau determines that funds in sufficient amounts are available in the revolving account, the bureau shall repay to the Housing Opportunities for Maine Fund, established in Title 30-A, section 4853, the amounts advanced as transfers under subsection 4.
[PL 2021, c. 483, Pt. AA, §19 (AMD); PL 2021, c. 483, Pt. AA, §21 (AFF).]

SECTION HISTORY

PL 1989, c. 534, §C1 (NEW). PL 2021, c. 483, Pt. AA, §19 (AMD). PL 2021, c. 483, Pt. AA, §21 (AFF).

§6267. Phase out of elderly tax deferral program

(REPEALED)

SECTION HISTORY

PL 1993, c. 707, §G10 (NEW). PL 2021, c. 483, Pt. AA, §20 (RP). PL 2021, c. 483, Pt. AA, §21 (AFF).

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MEMORANDUM

TO: Members, Real Estate Property Tax Relief Task Force

FROM: Rachel Olson, Legislative Analyst

DATE: October 21, 2026

RE: *Exploring the use of the State's cash pool for property tax relief*

Part One: Exploring the use of the State's cash pool for property tax relief

Resolve 2025, c. 108, as amended by Public Law 2025, c. 739, section 2 directs the Task Force to explore the use of the State's cash pool for property tax relief by:

> A. Researching how other states use state investment funds to support property tax relief programs;
>
> B. Analyzing potential risks and benefits of using the State's cash reserves to provide long-term property tax relief; and
>
> C. Recommending whether a dedicated revenue stream should be created for this purpose and how it could be structured;

The chairs reached out to the Office of the Maine State Treasurer for information related to these tasks and invited State Treasurer Joseph Perry to join the Task Force at its October 21st meeting. Mr. Perry provided written responses and will be attending the Task Force meeting to answer questions from Task Force members. The information below was provided by the Office of the Treasurer to staff via email.

1. ***Explore the use of the State's cash pool for property tax relief.***

Treasurer's Response: *The State's Cash Pool consists of all collected state funds not immediately needed to meet expenses. The funds inside the Cash Pool have been appropriated and allocated to the various funds of the state including the General Fund, the Budget Stabilization Fund, the Highway Fund, various Special Revenue Funds like the Fund for Healthy Maine, Land for Maine's Future, and IFW Funds, various Reserve Funds, Paid Family Medical Leave Insurance Fund, Special COVID Relief Funds and invested Funds from the State's Component Units like FAME and the University of Maine System. The Cash Pool does not consist of additional surplus funds beyond what has been appropriated in the budget – or further by the cascade. While funds in the Cash Pool are waiting to be expended, they are invested in accordance with Title 5, Section 135, the Treasurer's Investment Policy and overseen by the Treasurer's Cash Pool Investment Advisory Committee. The Cash Pool is primarily invested in US Treasury Securities, collateralized bank deposits, and certificates of deposit with regional and Maine-based financial institutions. Earnings generated by the Cash Pool are accounted for as part of revenue process and are either retained by the funds that generated them or feed back to the General Fund. Allocation of*

the earnings from the Budget Stabilization Fund has recently been reformed as part of the last budget to benefit the BSF, Land for Maine's Future and the State Employee OPEB Trust. In terms of the Cash Pool being used for property tax relief – it's conceivable that earnings from the Pool or programs with funds in the pool could be reappropriated to that purpose, but currently the funds are allocated elsewhere.

2. ***What are the potential risks and benefits of using the State's cash reserves to provide long-term property tax relief?***

Treasurer's Response: *As discussed above, apart from BSF, the Cash Pool (cash reserves) does not consist of additional surplus money, just the money that has been allocated and not yet spent. Any money in the Pool that would be used for property tax relief would need to be taken from other programs or from the Budget Stabilization Fund. Use of the BSF for this purpose would likely be viewed negatively by the credit rating agencies.*

3. ***How would a dedicated revenue stream be structured to provide property tax relief?***

Treasurer's Response: *A dedicated revenue stream could be structured by creating a BSF-like vehicle, where the earnings generated by the fund are dedicated to property tax relief. A more durable format could include the creation of a formal trust for the purpose, comparable to the IFW Lifetime License Trust, which could grow its principal and generate annual earnings. Both would require an allocation of funds to be invested and would be dependent on market returns and interest rates.*

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MEMORANDUM

TO: Members, Real Estate Property Tax Relief Task Force

FROM: Lindsay J. Laxon, Legislative Analyst

DATE: October 21, 2026

RE: Task Force Area of Interest – School Administrative Unit Auditing

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Task Force members have expressed interest in learning about auditing requirements applicable to schools in the state. This memo provides an overview of the statutory requirements for school administrative unit auditing.

State Annual Audits Required

Title 20-A, section 6051 (attached) requires a school board to provide for an annual audit of the school administrative unit;[1] however, a municipal school administrative unit may be excepted from the annual audit requirement and instead file the annual municipal audit or audits if:

1. The municipal school administrative unit does not operate a school or schools;
2. A school administrative unit audit is not necessary to meet federal audit requirements; **and**
3. The municipal school administrative unit files the municipal audit or audits that include the fiscal year from July 1st to June 30th.

I. School Administrative Unit Audit Requirements[2]

Audits for school administrative units must be conducted by a qualified CPA or a public accountant registered with the Board of Accountancy. The auditor is required to review the audit with the school board.

The fiscal year for an audit must be from July 1st to June 30th except that audits of federal programs must conform to federal requirements.

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[1] Title 20-A, section 1, subsection 26 defines a "school administrative unit" as the state-approved unit of school administration and includes only the following:

A. A municipal school unit;
B. A regional school unit formed pursuant to chapter 103-A;
C. An alternative organizational structure as approved by the commissioner and approved by the voters;
D. A school administrative district that does not provide public education for the entire span of kindergarten to grade 12 that has not reorganized as a regional school unit pursuant to chapter 103-A;
E. A community school district that has not reorganized as a regional school unit pursuant to chapter 103-A;
F. A municipal or quasi-municipal district responsible for operating public schools that has not reorganized as a regional school unit pursuant to chapter 103-A;
G. A municipal school unit, school administrative district, community school district, regional school unit or any other quasi-municipal district responsible for operating public schools that forms a part of an alternative organizational structure approved by the commissioner; and
H. A public charter school authorized under chapter 112 by an entity other than a local school board.

[2] Note that Title 20-A also requires annual audits for public charter schools (see 20-A MRS §2412-A), certain private schools (see 20-A MRS §2953), and education service centers (see 20-A MRS §3804).

The audit must include the following:

1. Accountability of all revenues and expenditures;
2. A determination of whether or not proper budgetary controls are in place;
3. A determination of whether or not the annual financial data submitted to the department is correct;
4. An audit of all federal programs in accordance with applicable federal law including a written determination that the audit has been conducted in accordance with applicable federal laws relating to financial and compliance audits as indicated in federal Office of Management and Budget circulars;
5. A determination as to whether the school administrative unit has complied with applicable provisions of the Essential Programs and Services Funding Act;
6. Any other information that the commissioner may require;
7. A determination of whether the school administrative unit has complied with transfer limitations between budget cost centers pursuant to section 1485, subsection 4;[3]
8. A determination of whether the school administrative unit has complied with budget content requirements pursuant to section 15693, subsection 1[4] and cost center summary budget format requirements pursuant to sections 1305-C,[5] 1485,[6] 1701-C[7] and 2307[8];
9. A determination of whether the school administrative unit has exceeded its authority to expend funds, as provided by the total budget summary article;
10. A determination of whether the school administrative unit has complied with the applicable provisions of the unexpended balances requirements established under section 15004;[9]
11. A schedule of expenditures of federal awards;
12. Beginning July 1, 2017, a determination of whether the school administrative unit has complied with section 15675, subsection 2;[10] and
13. A determination of whether the school administrative unit has complied with applicable provisions of section 15690-A.[11]

As a part of the annual audit, the school board must provide the commissioner with an initial report which includes a written determination of whether or not proper budgetary controls are in place; a written determination of whether or not the annual financial data submitted to the department is correct, including submission of an audited reconciliation of the annual financial data prepared and certified by the auditor;

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[3] See attached copy of Title 20-A, section 1485.

[4] This subsection states: A school administrative unit shall include in its school budget document:

A. The school administrative unit's total cost of funding public education from kindergarten to grade 12, its non-state-funded debt service, if any, and any additional expenditures authorized by law;

B. A summary of anticipated revenues and estimated school expenditures for the fiscal year; and

C. The following statement, including the estimated dollar amount of state retirement payments: "This budget does not include the estimated amount of $..... in employer share of teacher retirement costs that is paid directly by the State."

[5] Section 1305-C states: Notwithstanding any other law, school administrative district budgets developed after January 1, 2008 must conform to the format and referendum procedures for regional school units as set forth in sections 1485 and 1486. A school administrative district is deemed to be a regional school unit solely for the purpose of developing a budget pursuant to sections 1485 and 1486.

[6] See attached copy of section 1485.

[7] Section 1701-C states: Notwithstanding any other law, community school district budgets developed after January 1, 2008 must conform to the format and referendum procedures for regional school units as set forth in sections 1485 and 1486. A community school district is deemed to be a regional school unit solely for the purpose of developing a budget pursuant to sections 1485 and 1486.

[8] See attached copy of Title 20-A, section 2307.

[9] Section 15004 states: The unexpended balance of all money raised by a school administrative unit, received from the State for general-purpose aid or for other educational programs; from the Federal Government directly or from the Federal Government through the State; from tuition payments made by other units, the State, or by individuals; and other receipts for school purposes shall be carried forward and credited to the unit for educational programs for the ensuing year.

Funds which are set aside for direct reimbursement programs or for workers' compensation self-insurance programs, established pursuant to section 1001, shall not be considered unexpended balances. These funds shall be carried forward to be used only for the reimbursement or self-insurance program for which they were originally dedicated.

[10] Section 15675, subsection 2 relates to weights for economically disadvantaged students when a school administrative unit calculates its total operating allocation.

[11] See attached copy of Title 20-A, section 15690-A.

and a written determination as to whether the school administrative unit has complied with applicable provisions of the Essential Programs and Services Funding Act.

II. Reporting to the Commissioner of Education

Within 6 months after the end of the audit period, the school board must provide the Commissioner of Education with a copy of the audit report; accountability of all revenues and expenditures; written assurance that the audit has been conducted in accordance with applicable laws relating to financial and compliance audits; and any other information the commissioner may require.

III. Review of Audits and Corrective Action

The commissioner is required to review the audits of the school administrative unit and determine if the school administrative unit should develop a corrective action plan for any audit issues specified in the annual audit.

If a corrective action plan is required, the plan must address those audit findings and management comments and recommendations that have been identified by the commissioner, and the plan must be filed within the timelines established by the commissioner. The school administrative unit must provide assurances to the commissioner that the school administrative unit has implemented its corrective action plan within the timelines established by the commissioner.

If the school administrative unit has not met the conditions for submitting a corrective action plan or providing assurances that the school administrative unit has implemented the plan, the commissioner may withhold monthly subsidy payments from the school administrative unit in accordance with section 6801-A.[12]

IV. Records

A school administrative unit must keep financial records and accounts for 7 years after the end of the fiscal year.

Federal Audits

Title 20-A, section 6052 requires a school board of a school administrative unit which accepts federal funds to hire auditors and pay out of available school funds or from federally allocated sums for any audit of federal programs and to provide the commissioner with a copy of the audit. The commissioner is permitted to use filed audits to provide the Federal Government with any information it requires.

According to the Maine Department of Education's website, audit requirements for non-federal entities are defined in The Uniform Guidance which is "designed to ensure accountability and transparency in the use of federal funds." These requirements include the need for single audits for entities that expend $750,000 or more in federal funds during a fiscal year.

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[12] Title 20-A, section 6801-A(3) provides that "[i]f compliance cannot be achieved by withholding subsidy payment, or if withholding would be an inappropriate or unavailable remedy, or if a school, school unit or career and technical education region is out of compliance with this Title and that school, school unit or career and technical education region is not eligible for state subsidy, the commissioner may refer the matter to the Attorney General for action. The Attorney General may seek injunctive relief to enjoin activities not in compliance with the governing law or seek any other remedy authorized by law." Subsection 5 allows a person alleging that a school administrative unit or career and technical education region is not in compliance with the requirements of Title 20-A or of rules adopted by the department to file a complaint pursuant to the requirements for a petition under section 258-A.

§6051. School administrative units

1. Audit. A school board shall provide for an annual audit of the school administrative unit. The audit shall include the following:

A. Accountability of all revenues and expenditures; [PL 1985, c. 797, §36 (NEW).]

B. A determination of whether or not proper budgetary controls are in place; [PL 1985, c. 797, §36 (NEW).]

C. A determination of whether or not the annual financial data submitted to the department is correct; [PL 2007, c. 668, §31 (AMD).]

D. An audit of all federal programs in accordance with applicable federal law including a written determination that the audit has been conducted in accordance with applicable federal laws relating to financial and compliance audits as indicated in federal Office of Management and Budget circulars; [PL 2011, c. 678, Pt. A, §1 (AMD).]

E. A determination as to whether the school administrative unit has complied with applicable provisions of the Essential Programs and Services Funding Act; [PL 2009, c. 571, Pt. E, §9 (AMD).]

F. Any other information that the commissioner may require; [PL 2009, c. 571, Pt. E, §10 (AMD).]

G. A determination of whether the school administrative unit has complied with transfer limitations between budget cost centers pursuant to section 1485, subsection 4; [PL 2009, c. 571, Pt. E, §11 (NEW).]

H. A determination of whether the school administrative unit has complied with budget content requirements pursuant to section 15693, subsection 1 and cost center summary budget format requirements pursuant to sections 1305-C, 1485, 1701-C and 2307; [PL 2011, c. 678, Pt. A, §2 (AMD).]

I. A determination of whether the school administrative unit has exceeded its authority to expend funds, as provided by the total budget summary article; [PL 2013, c. 167, Pt. A, §3 (AMD).]

J. A determination of whether the school administrative unit has complied with the applicable provisions of the unexpended balances requirements established under section 15004; [PL 2017, c. 284, Pt. C, §9 (AMD); PL 2017, c. 284, Pt. JJJJJJJ, §1 (AMD).]

K. A schedule of expenditures of federal awards; [PL 2017, c. 475, Pt. A, §24 (AMD).]

L. Beginning July 1, 2017, a determination of whether the school administrative unit has complied with section 15675, subsection 2; and [PL 2017, c. 475, Pt. A, §25 (RPR).]

M. A determination of whether the school administrative unit has complied with applicable provisions of section 15690-A. [PL 2017, c. 475, Pt. A, §26 (NEW).]

[PL 2017, c. 475, Pt. A, §§24-26 (AMD).]

2. Fiscal year. The fiscal year of an audit shall be from July 1st to June 30th, except that audits of federal programs shall conform to federal requirements.

[PL 1985, c. 797, §36 (RPR).]

3. Auditors. Audits must be conducted by qualified certified public accountants or public accountants registered by the Board of Accountancy. The auditor shall review the audit with the school board.

[PL 2011, c. 678, Pt. A, §5 (AMD).]

4. Initial report to commissioner. An initial report to the commissioner must be included as part of the audit under subsection 1. In the report the school board shall provide the commissioner with:

A. [PL 2001, c. 344, §8 (RP).]

B. [PL 2001, c. 344, §8 (RP).]

C. Written determination of whether or not proper budgetary controls are in place; [PL 2001, c. 344, §8 (NEW).]

D. A written determination of whether or not the annual financial data submitted to the department is correct, including submission of an audited reconciliation of the annual financial data prepared and certified by the auditor; and [PL 2007, c. 668, §32 (AMD).]

E. A written determination as to whether the school administrative unit has complied with applicable provisions of the Essential Programs and Services Funding Act. [PL 2005, c. 683, Pt. A, §25 (AMD).]

[PL 2025, c. 112, §7 (AMD).]

5. Records. Financial records and accounts shall be kept for 7 years after the end of the fiscal year and shall be available to the auditors and any other upon request.

[PL 1985, c. 797, §36 (RPR).]

6. Report to commissioner. Within 6 months after the end of the audit period, the school board shall provide the commissioner with:

A. A copy of the audit report; [PL 2001, c. 344, §9 (NEW).]

B. Accountability of all revenues and expenditures; [PL 2001, c. 344, §9 (NEW).]

C. Written assurance that the audit has been conducted in accordance with applicable state and federal laws relating to financial and compliance audits; and [PL 2001, c. 344, §9 (NEW).]

D. Any other information that the commissioner may require. [PL 2001, c. 344, §9 (NEW).]

[PL 2007, c. 668, §33 (AMD).]

7. Exception. If a municipal school administrative unit meets all of the following eligibility criteria, then the municipal school administrative unit may file the annual municipal audit or audits in lieu of the annual audit required by this section:

A. The municipal school administrative unit does not operate a school or schools; [PL 2009, c. 571, Pt. E, §14 (NEW).]

B. A school administrative unit audit is not necessary to meet federal audit requirements; and [PL 2011, c. 678, Pt. A, §6 (AMD).]

C. The municipal school administrative unit files the municipal audit or audits that include the fiscal year specified in subsection 2. [PL 2011, c. 678, Pt. A, §6 (AMD).]

D. [PL 2011, c. 678, Pt. A, §7 (RP).]

[PL 2011, c. 678, Pt. A, §§6, 7 (AMD).]

8. Corrective action plan. The commissioner shall review the audits of the school administrative unit and determine if the school administrative unit should develop a corrective action plan for any audit issues specified in the annual audit. The corrective action plan must address those audit findings and management comments and recommendations that have been identified by the commissioner, and the plan must be filed within the timelines established by the commissioner. The school administrative unit shall provide assurances to the commissioner that the school administrative unit has implemented its corrective action plan within the timelines established by the commissioner. If the school administrative unit has not met the conditions for submitting a corrective action plan or providing assurances that the school administrative unit has implemented the plan, the commissioner may withhold monthly subsidy payments from the school administrative unit in accordance with section 6801-A.

[PL 2009, c. 571, Pt. E, §15 (NEW).]

SECTION HISTORY

PL 1981, c. 693, §§5,8 (NEW). PL 1985, c. 797, §36 (RPR). RR 1993, c. 1, §45 (COR). PL 2001, c. 344, §§7-9 (AMD). PL 2005, c. 683, §§A24,25 (AMD). PL 2007, c. 668, §§31-33 (AMD). PL 2009, c. 571, Pt. E, §§9-15 (AMD). PL 2011, c. 678, Pt. A, §§1-7 (AMD). PL 2013, c. 167, Pt. A, §§3-5 (AMD). PL 2017, c. 284, Pt. C, §§9-11 (AMD). PL 2017, c. 284, Pt. JJJJJJJ, §§1-3 (AMD). PL 2017, c. 475, Pt. A, §§24-26 (AMD). PL 2025, c. 112, §7 (AMD).

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§1485. Cost center summary budget format

After January 31, 2008, the format of the annual budget of a regional school unit must be in accordance with this section. [PL 2007, c. 240, Pt. XXXX, §13 (NEW).]

1. Cost center summary budget format. The regional school unit budget must consist of the following cost centers and supporting data:

A. Expenditures:

(1) Regular instruction;

(2) Special education;

(3) Career and technical education;

(4) Other instruction, including summer school and extracurricular instruction;

(5) Student and staff support;

(6) System administration;

(7) School administration;

(8) Transportation and buses;

(9) Facilities maintenance;

(10) Debt service and other commitments; and

(11) All other expenditures, including school lunch; [PL 2007, c. 240, Pt. XXXX, §13 (NEW).]

B. Revenue sources:

(1) Total education costs appropriated pursuant to section 15690, subsection 1;

(2) Non-state-funded debt service costs approved pursuant to section 15690, subsection 2, if any; and

(3) Additional local funds, if any, approved pursuant to section 15690, subsection 3, paragraph A; [PL 2007, c. 240, Pt. XXXX, §13 (NEW).]

C. A summary of total regional school unit expenditures; [PL 2007, c. 240, Pt. XXXX, §13 (NEW).]

D. Other optional local data showing the amount and percentage of changes proposed in the state allocation, the local share and the total regional school unit budget and related information determined appropriate by the regional school unit board of directors; [PL 2007, c. 240, Pt. XXXX, §13 (NEW).]

E. Data similar to that provided in paragraph A for a high-performing regional school unit of a size and demographic profile determined by the department that is comparable to the regional school unit; and [PL 2007, c. 240, Pt. XXXX, §13 (NEW).]

F. For fiscal year 2008-09, data documenting state and local savings from the reorganization to regional school units and the resulting mill rate reduction for each municipality. [PL 2007, c. 240, Pt. XXXX, §13 (NEW).]

[PL 2007, c. 240, Pt. XXXX, §13 (NEW).]

1-A. Instructional expenditures transition; annual targets. Each school administrative unit shall meet the annual targets for the direct instruction percentage share of total General Fund expenditures as follows:

A. For fiscal year 2018-19, the target is 61%; [PL 2017, c. 284, Pt. C, §4 (NEW).]

B. For fiscal year 2019-20, the target is 63%; [PL 2017, c. 284, Pt. C, §4 (NEW).]

C. For fiscal year 2020-21, the target is 65%; [PL 2017, c. 284, Pt. C, §4 (NEW).]

D. For fiscal year 2021-22, the target is 67%; and [PL 2017, c. 284, Pt. C, §4 (NEW).]

E. For fiscal year 2022-23 and succeeding years, the target is 70%. [PL 2017, c. 284, Pt. C, §4 (NEW).]

For the purposes of this subsection, "direct instruction" means those expenditures in subsection 1, paragraph A for regular instruction, special education instruction, career and technical education instruction and other instruction including summer school instruction and extracurricular instruction as defined in the State's accounting handbook for local school systems.
[PL 2017, c. 284, Pt. C, §4 (NEW).]

2. Budget warrant. The warrant articles presented to the legislative body of the regional school unit for approval of the regional school unit budget must correspond to the categories of the cost center summary budget described in subsection 1. In addition to expenditure and revenue cost center summary totals, the regional school unit board shall provide to voters a reasonably detailed breakdown for each major subcategory within each budget category. The department shall adopt routine technical rules pursuant to Title 5, chapter 375, subchapter 2-A defining and establishing the content of those informational subcategories.
[PL 2007, c. 240, Pt. XXXX, §13 (NEW).]

3. Budget approval. A regional school unit's cost center summary budget must be approved at a regional school unit budget meeting and by a budget validation referendum as provided in section 1486.
[PL 2007, c. 240, Pt. XXXX, §13 (NEW).]

4. Transfer between budget cost center lines. During the year for which the budget is approved using the cost center summary budget format, the regional school unit board may transfer an amount not exceeding 5% of the total appropriation for any cost center to another cost center or among other cost centers without voter approval.
[PL 2007, c. 240, Pt. XXXX, §13 (NEW).]

5. Additional state subsidy. The warrant presented to the legislative body of the regional school unit at a regional school unit budget meeting may include an article or articles providing that, in the event that the regional school unit receives more state education subsidy than the amount included in its budget, the regional school unit board is authorized to use all or part of the additional subsidy to:

A. Increase expenditures for school purposes in cost center categories approved by the regional school unit board. If that article is approved by the voters at the budget meeting, the regional school unit board may increase expenditures for school purposes in cost center categories approved by the regional school unit board as provided in the article, without holding a special budget meeting and budget validation referendum; [PL 2015, c. 463, §1 (NEW).]

B. Increase the allocation of finances in a reserve fund. If that article is approved by the voters at the budget meeting, the regional school unit board may increase the allocation of finances for a reserve fund approved by the regional school unit board as provided in the article, without holding a special budget meeting and budget validation referendum; or [PL 2015, c. 463, §1 (NEW).]

C. Decrease the local cost share expectation, as defined in section 15671-A, subsection 1, paragraph B, for local property taxpayers for funding public education. If that article is approved by the voters at the budget meeting, the regional school unit board may decrease the local cost share expectation for local property taxpayers approved by the regional school unit board as provided in the article, without holding a special budget meeting and budget validation referendum. [PL 2015, c. 463, §1 (NEW).]
[PL 2015, c. 463, §1 (NEW).]

SECTION HISTORY

PL 2007, c. 240, Pt. XXXX, §13 (NEW). PL 2015, c. 463, §1 (AMD). PL 2017, c. 284, Pt. C, §4 (AMD).

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§2307. School budgets

Notwithstanding any other law, municipal school budgets developed after January 1, 2008 must follow the same school budget requirements as regional school units pursuant to chapter 103-A, except as described in subsections 1 and 2. A municipal school unit is deemed to be a regional school unit solely for the purpose of developing a budget pursuant to chapter 103-A. A municipality has the same authority to commit property taxes as provided in section 1487. [PL 2011, c. 655, Pt. E, §1 (AMD).]

1. Budget meeting. In charter municipalities the budget meeting required by section 1485, subsection 3 must be a meeting of the municipal council or other municipal legislative body established by the charter with authority to approve the budget.
[PL 2007, c. 668, §28 (NEW); PL 2007, c. 668, §55 (AFF).]

2. Municipal charter. In charter municipalities where the municipal charter confers upon a municipal council or other municipal legislative body the authority to determine the total amount of the school budget and confers upon the school committee or school board the authority to direct the expenditure of those funds for school purposes, the municipal council or other municipal legislative body shall determine the total amount of the school budget to be submitted to a budget validation referendum and the school committee or school board shall determine the allocation of the approved school budget among the cost centers of the cost center summary budget format.
[PL 2007, c. 668, §28 (NEW); PL 2007, c. 668, §55 (AFF).]

SECTION HISTORY

PL 2007, c. 240, Pt. XXXX, §21 (NEW). PL 2007, c. 668, §28 (AMD). PL 2007, c. 668, §55 (AFF). PL 2011, c. 655, Pt. E, §1 (AMD).

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§15690-A. Local action on increase in state share percentage

Notwithstanding section 1485, subsection 5, this section applies to school budgets adopted for fiscal years 2017-18 and 2018-19. [PL 2017, c. 284, Pt. JJJJJJ, §4 (NEW).]

1. Required reduction in local contribution. If the budget of a school administrative unit is based on assumptions that include an increase in state share, pursuant to section 15690, subsection 1, paragraph C, over the amount used in the most recent approved budget as the result of an increase in the state share of the school administrative unit's total cost of funding public education from kindergarten to grade 12 under this chapter, the increase in state share must be used as follows.

A. Fifty percent of the increase in state share pursuant to section 15690, subsection 1, paragraph C that is attributable to the increase in the state share over the state share amount used in the most recent approved budget must be used to lower the school administrative unit's local contribution to the total cost of funding public education from kindergarten to grade 12. [PL 2017, c. 284, Pt. JJJJJJ, §4 (NEW).]

B. The remaining 50% may be used only to increase expenditures for school purposes in cost center categories approved by the local school board, increase the allocation of finances for a reserve fund or provide an additional amount to lower the required local contribution to the total cost of education. [PL 2017, c. 284, Pt. JJJJJJ, §4 (NEW).]

[PL 2017, c. 284, Pt. JJJJJJ, §4 (NEW).]

2. Warrant. If the budget of the school administrative unit is based on assumptions that include an increase in state share, pursuant to section 15690, subsection 1, paragraph C, over the amount used in the most recent approved budget as the result of an increase in the state share of the school administrative unit's total cost of funding public education from kindergarten to grade 12 under this chapter, an article in substantially the form in paragraph A must be used to authorize the use of the increase in state share for the expenditures specified in subsection 1, paragraph B after the requirements of subsection 1, paragraph A are met.

A. "Article.....: To see what sums will be appropriated for the following purposes from the amount of the anticipated increase in state share of the school administrative unit's total cost of funding public education from kindergarten to grade 12 over the amount used in the most recent approved budget as the result of an increase in the state share of the school administrative unit's total cost of funding public education from kindergarten to grade 12 under this chapter:

(1) (Amount appropriated) To increase expenditures for school purposes in cost center categories approved by the board (list of amounts by category should be provided);

(2) (Amount appropriated) To increase the allocation of finances in a reserve fund for the purpose of (name of reserve fund); and

(3) (Amount appropriated) To provide a decrease in the local contribution, as defined in the Maine Revised Statutes, Title 20-A, section 15690, subsection 1, paragraph A or B, section 15690, subsection 2 or section 15690, subsection 3 for local property taxpayers for funding public education." [PL 2017, c. 284, Pt. JJJJJJ, §4 (NEW).]

B. If as a result of a vote on the article specified in paragraph A, subparagraph (3) a school administrative unit does not raise 100% of the required local contribution pursuant to section 15690, subsection 1, the school administrative unit may petition the commissioner to waive the required proration of the state share pursuant to section 15690, subsection 1, paragraph C. [PL 2017, c. 284, Pt. JJJJJJ, §4 (NEW).]

C. If the article is approved by the voters at the budget meeting, the board of the school administrative unit may increase expenditures for the purposes approved in the article without

holding a special budget meeting and budget validation referendum. [PL 2017, c. 284, Pt. JJJJJJJ, §4 (NEW).]

[PL 2017, c. 284, Pt. JJJJJJJ, §4 (NEW).]

SECTION HISTORY

PL 2017, c. 284, Pt. JJJJJJJ, §4 (NEW).

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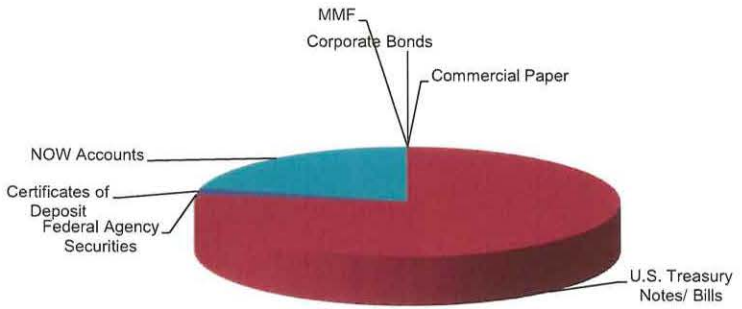
Treasurer's Cash Pool Summary

Wednesday, October 21, 2026

Name	Previous Day Bal	Bal Today	Investment Today	% of TCP	Type	Collateral	Maturity	Rate
U.S. Treasury Notes / Bills	2,712,843,359.60	2,712,843,359.60	0.00	76.7%	U.S. Treasury Notes/ Bills	NA	Various	3.84%
M&T Bank	390,000,000.00	387,000,000.00	(3,000,000.00)	10.9%	Money Market Deposit Account	FHLB LOC	NA	3.96%
NorthEast	175,000,000.00	175,000,000.00	0.00	5.0%	Money Market Deposit Account	IntraFi	NA	3.98%
CDs - Various Banks	75,200,000.00	75,200,000.00	0.00	2.1%	Certificates of Deposit	FDIC, Ginnie Maes, FHLB LOC	Various	3.76%
Franklin Savings Bank	75,000,005.00	75,000,005.00	0.00	2.1%	Money Market Deposit Account	IntraFi	NA	3.98%
First National NOW	50,000,000.00	50,000,000.00	0.00	1.4%	Money Market Deposit Account	FHLB LOC	NA	3.98%
Bath Savings NOW	35,000,000.00	35,000,000.00	0.00	1.0%	Money Market Deposit Account	Ginnie Maes (105%)-Fed Res	NA	3.98%
Kennebec Savings	15,000,000.00	15,000,000.00	0.00	0.4%	Money Market Deposit Account	IntraFi	NA	3.98%
Maine Community Bank	10,000,000.00	10,000,000.00	0.00	0.3%	Money Market Deposit Account	FHLB LOC	NA	3.97%
Total Cash Pool:	**3,538,043,364.60**	**3,535,043,364.60**	**($3,000,000.00)**					

Cashpool Diversity

Type		Total	% of TCP
Commercial Paper	$	-	0.0%
U.S. Treasury Notes/ Bills	$	2,712,843,359.60	76.7%
Federal Agency Securities	$	-	0.0%
Certificates of Deposit	$	75,200,000.00	2.1%
Money Market Deposit Account	$	747,000,005.00	21.1%
Money Market Funds	$	-	0.0%
Corporate Bonds	$	-	0.0%
	$	**3,535,043,364.60**	**100%**



Cash Pool Notes

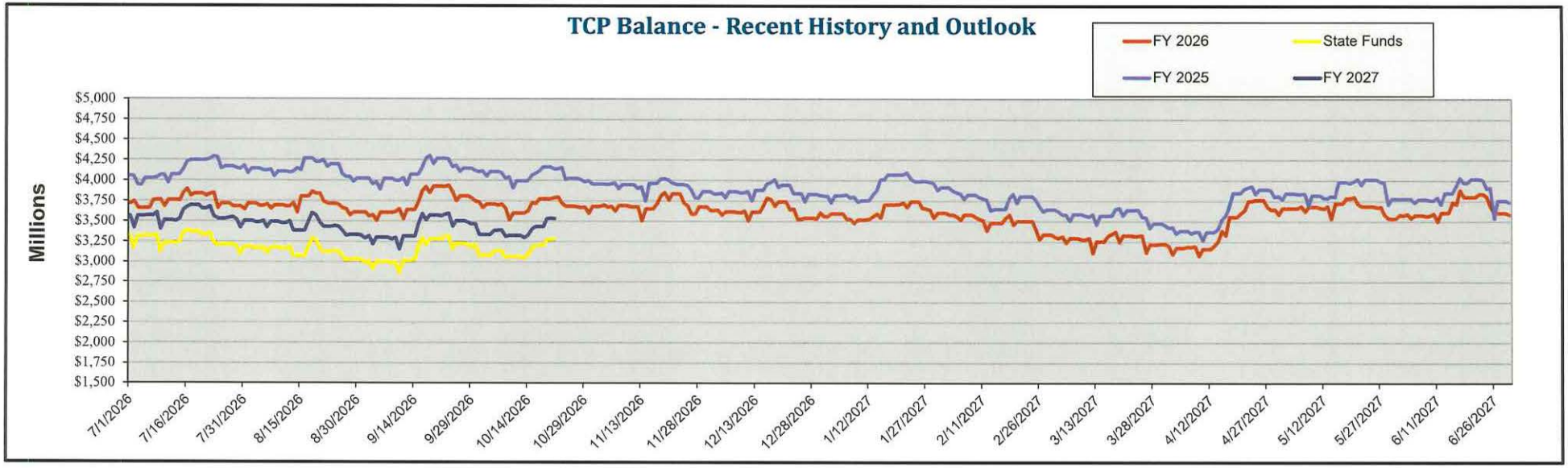
1. Approx $51 M in available balances including $38 M from MRS ACH

2.Approx $54 M in disbursements.

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..

TCP Balance - Recent History and Outlook



Maine Real Estate Property Tax Task Force

Phase 3 Presentation to Task Force, 21 Oct 2026
Augusta, Maine

Progress & Poverty INSTITUTE

Center for Land Economics

Today's Presentation

Before Lunch

1. **Time Trends**: *updated*
2. **Relief Scenario Modelling**: *data, model, limitations, validation*
3. **Results by Scenario**
4. **Results by Archetype**

After Lunch: *Task Force discussing approaches to relief, available for Q&A*

Property Tax Landscape in Maine

Trends over time - an update

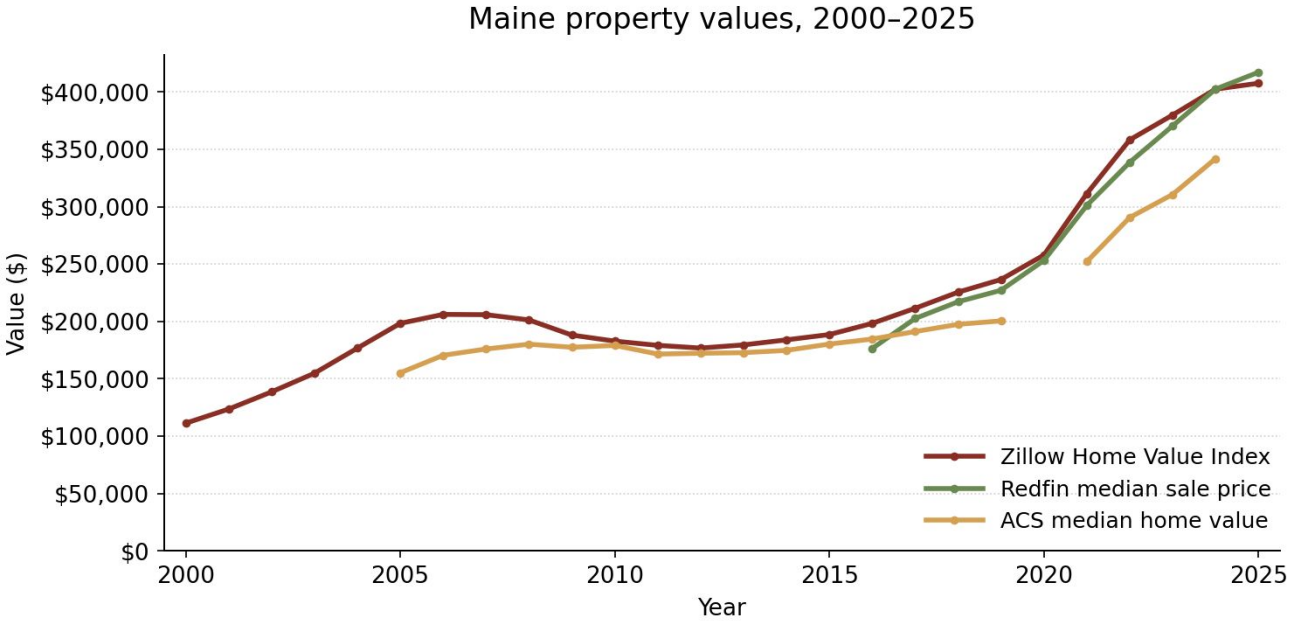
- MVR → to 2025
- 1-year ACS estimates → to 2024
  - Including 6 counties
  - 2025 published end of October

Median Residential Property Values

RQ: Has rapid post-COVID growth in home values caused property taxes to spike?

- Post-COVID doubling
- Tapering off?

- But do higher property values inherently mean higher property taxes?

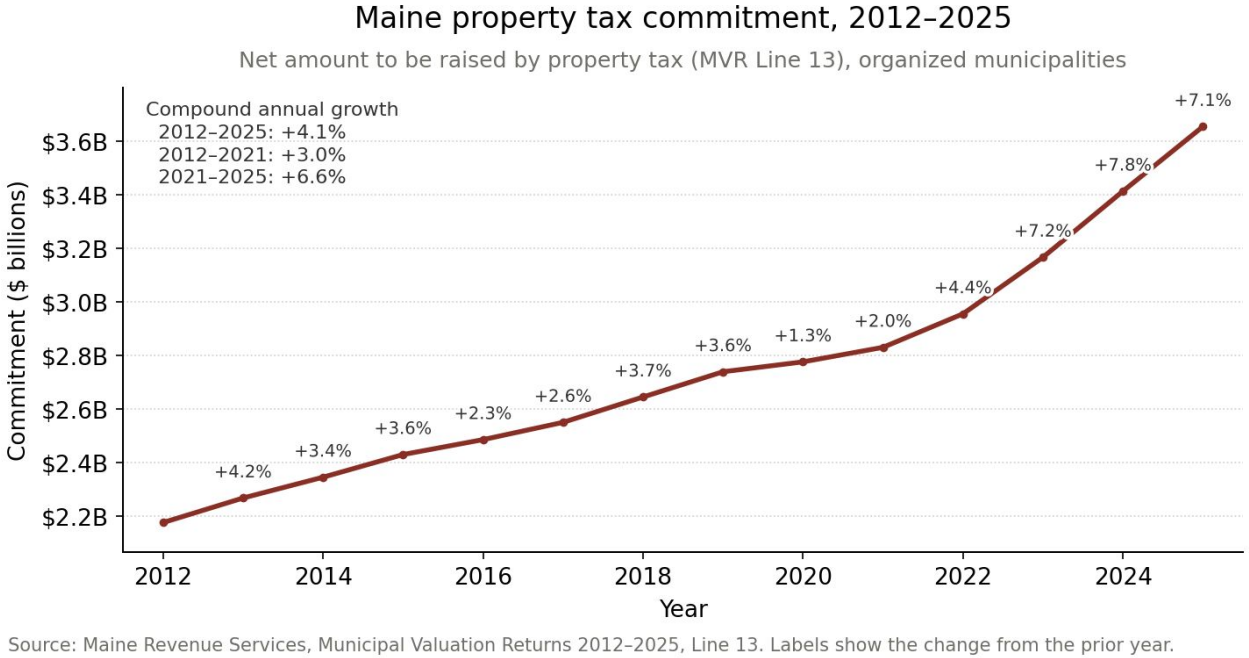


Sources: Zillow ZHVI (all homes, mid-tier); Redfin Data Center (all residential, NSA; from 2016); ACS 1-year B25077. ACS 1-year estimates: none published for 2020 (due to covid) and 2025 (to be published end-Oct 2026).

Total Commitment

RQ: How have property taxes been trending over time in Maine?

- Steady growth in property tax appropriations pre-COVID
- Rapid growth post-COVID
- Continued through 2025



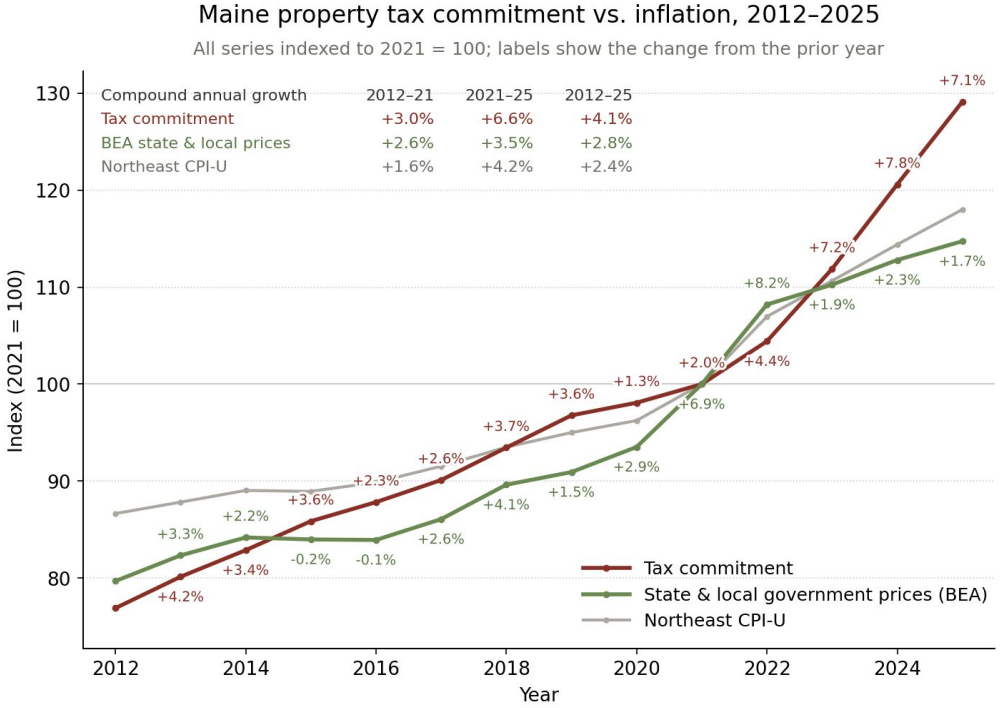
Source: Maine Revenue Services, Municipal Valuation Returns 2012–2025, Line 13. Labels show the change from the prior year.

Total Commitment

RQ: Has rapid post-COVID growth in government spending caused property taxes to spike?

- New deflator: BEA state & local price index

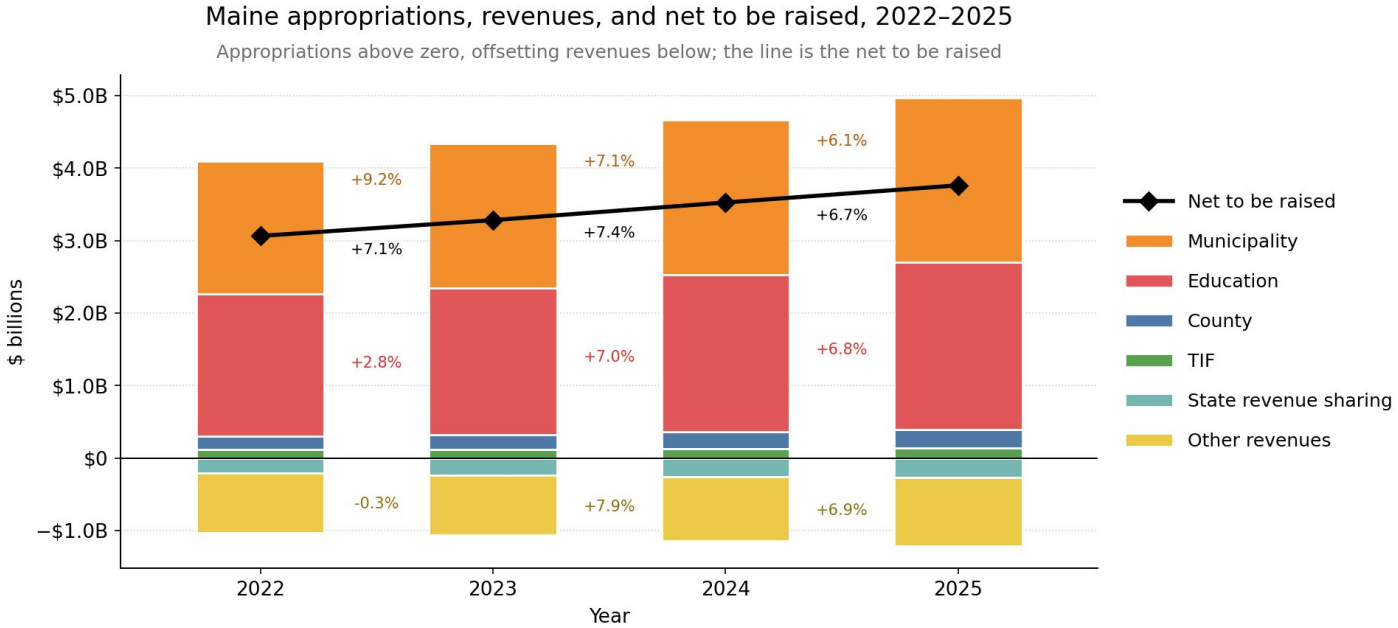
- Steady growth in property tax appropriations pre-COVID
- Rapid growth post-COVID
  - Inflation in 2020-2023
  - Commitment outrunning inflation 2024-2025



Total Commitment

RQ: Has rapid post-COVID growth in government spending caused property taxes to spike?

- Municipalities drove 2022-2023 increase
- 2023-2025: municipalities and schools

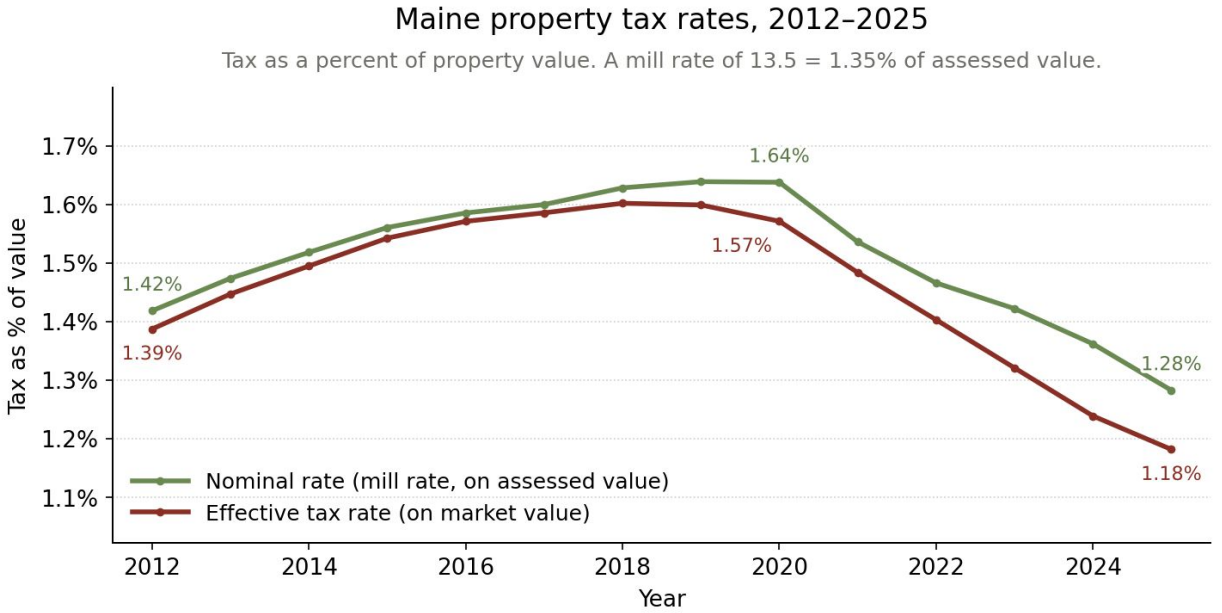


Source: MRS Municipal Valuation Returns, Tax Rate Calculation Form (TRCF) Lines 7–15, organized municipalities; reported from 2022 only. Labels show the change from the prior year. Net to be raised (TRCF Line 15) = appropriations − revenue sharing − other revenues; it is met by the property tax commitment plus state homestead and BETE reimbursements, less overlay.

Tax Rates

RQ: Has rapid post-COVID growth in home values caused property taxes to spike?

- Tax *rates* declining since COVID: property values rising faster than appropriations



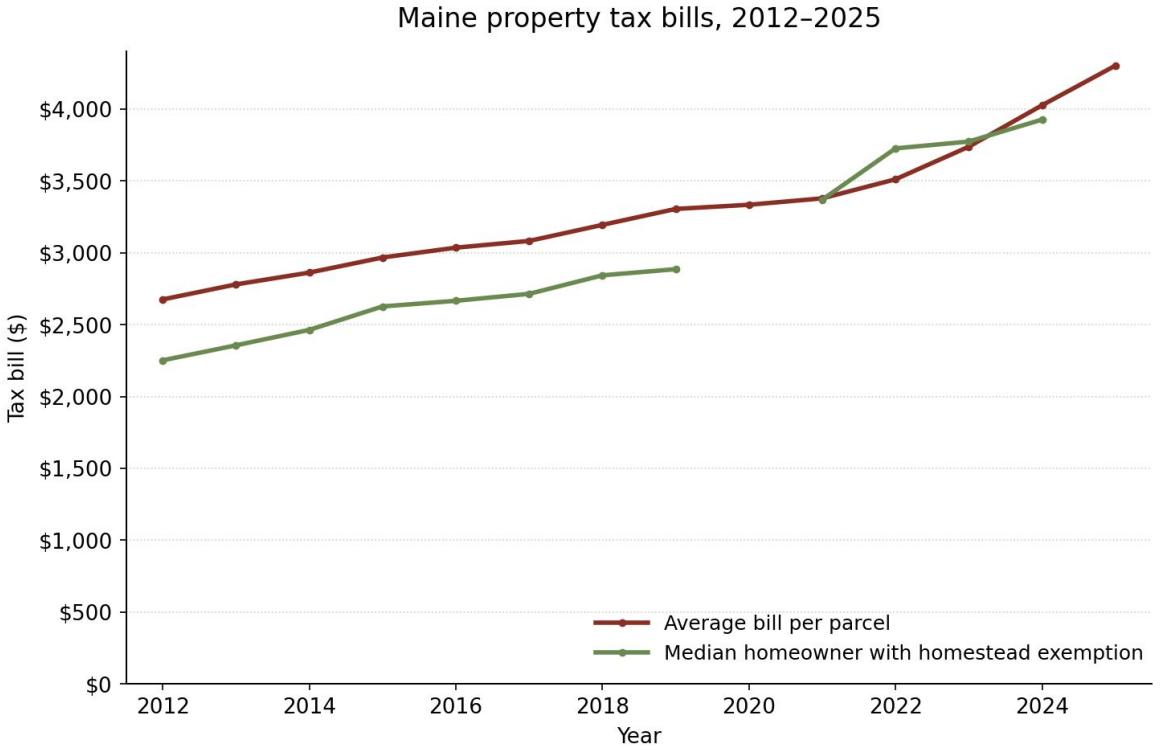
Nominal rate = commitment ÷ taxable (assessed) value. Effective rate = commitment ÷ market value, where market value = taxable value ÷ certified ratio, by municipality. Source: MRS Municipal Valuation Returns.

Tax Bills

RQ: Has rapid post-COVID growth in home values caused property taxes to spike?

- Steady growth pre-COVID
- Faster post-COVID

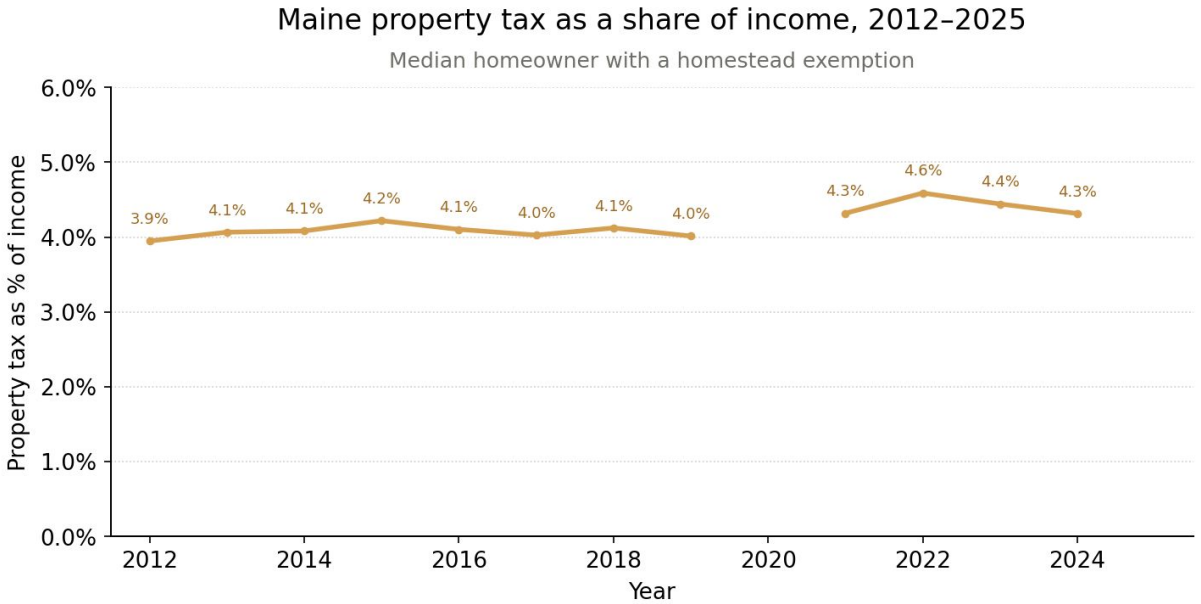
- 2025 data coming end of October



Property Taxes as a Share of Income

RQ: Have property taxes been increasing relative to incomes in Maine?

- For typical Maine homeowner, property taxes have remained a fairly stable share of income
- Level-shift from 4.1% pre-COVID to 4.3% post-COVID
- Pending 2025 data



Tax = (ACS 1-year median owner-occupied value − homestead exemption in force that year) × effective tax rate.
Income = ACS 1-year median household income of owner-occupied households (B25119).
ACS 1-year estimates: none published for 2020 (due to covid) and 2025 (to be published end-Oct 2026).

Relief Program Modelling

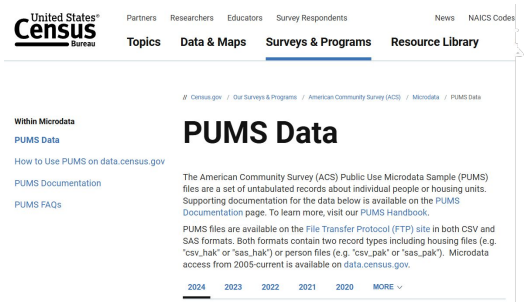
Model, Scenarios, Archetypes

The Model

- Household-level microsimulation model
- Relief formulas applied household by household
- Calibrated against state & municipal revenues
  - Accounts for take-up
- Enables fine-grained scenario design
- Detailed results (by household, type, decile, area, etc)

The Core Data: Census Household Survey (PUMS)





ONE SURVEY RECORD

Individual level – no name, no address

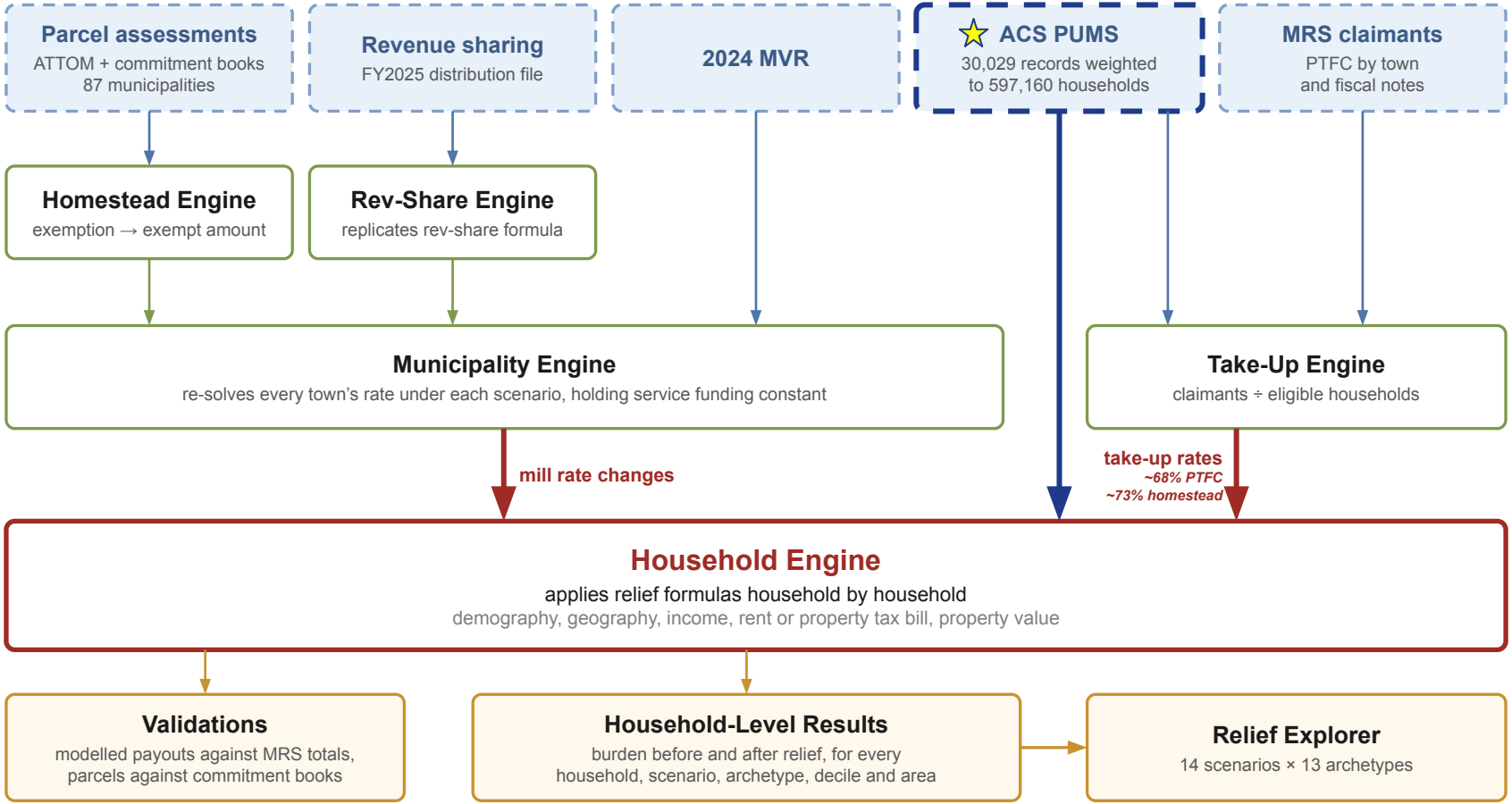
- Age
- Income
- Homeowner/Renter
- Property tax payment
- Region

× 30,029 records

weighted

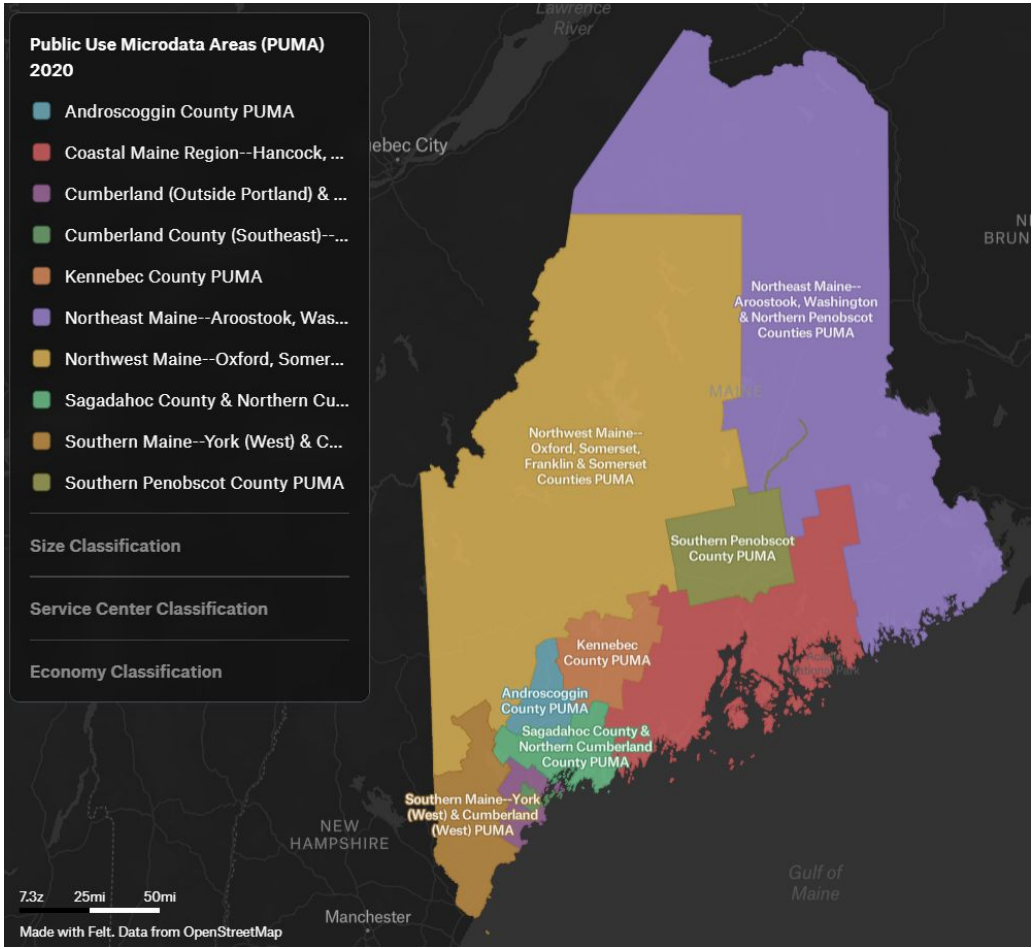
597,160

Maine households


Parcel assessments
ATTOM + commitment books
87 municipalities
Revenue sharing
FY2025 distribution file
2024 MVR
ACS PUMS
30,029 records weighted
to 597,160 households
MRS claimants
PTFC by town
and fiscal notes
Homestead Engine
exemption → exempt amount
Rev-Share Engine
replicates rev-share formula
Municipality Engine
re-solves every town's rate under each scenario, holding service funding constant
Take-Up Engine
claimants ÷ eligible households
mill rate changes
take-up rates
~68% PTFC
~73% homestead
Household Engine
applies relief formulas household by household
demography, geography, income, rent or property tax bill, property value
Validations
modelled payouts against MRS totals,
parcels against commitment books
Household-Level Results
burden before and after relief, for every
household, scenario, archetype, decile and area
Relief Explorer
14 scenarios × 13 archetypes

Geography

- PUMS uses 10 Public Use Microdata Areas (PUMAs).
  See [Felt map]
- Model assumptions applied at PUMA level (uptake, mill rates)
- Explorer summaries for four regions
  - Southern Coast
  - Greater Portland
  - Service Center Regions
  - Rural Maine



Key Limitations

- **Model Vintage**: Survey 2020–2024, adjusted to 2024 dollars. Model calibrated on 2024, then parameters adjusted to reflect 2026 baseline.
- **Self-reported answers**: Survey respondents overstate property values.

- **Mill rate changes averaged to PUMA-level**: Changes to tax base have a larger effect where property values are lower. Homestead uptake somewhat offsets.
- **Fixed take-up rates**: Fairness Credit uptake is fixed, even where it is drastically expanded. Might not be incorrect.

Validation - Sample Snapshot

MEASURE	MODEL	SOURCE	COMPARED WITH	DIFF
Households	597,160	597,159	Census QuickFacts	+1
Households with a person under 18	23.6%	23.7%	Census table DP02	−0.1 pp
Households with a person 65 or over	36.8%	36.7%	Census table DP02	+0.1 pp
Median household income	$73,463	$74,733	Census QuickFacts	−1.7%
Median owner-occupied home value	$290,000	$296,600	Census QuickFacts	−2.2%
Median owner-occupied home value	$290,000	$294,000	Assessment records 73,800 homestead parcels	−1.4%
Mean property tax, owner-occupiers	$3,580	$3,690	2024 MVR, implied all owners against enrolled homesteads	−3.0%

Validation - Current Relief Spending

MEASURE	MODEL	SOURCE	COMPARED WITH	DIFF
Homestead Exemption reimbursement	$85.4m	$85.1m	DAFS, FY2025 estimated independently of the model	+0.3%
Property Tax Fairness Credit	$114.9m	$110.0m	DAFS forecast, FY2025	+4.5%
Property Tax Fairness Credit	$114.9m	$113.1m	MRS returns by town, Nov 2025 same 134,245 claimants	+1.6%
Property Tax Fairness Credit	$114.9m	$117.5m	MRS to the Task Force, Sep 2026 later extract, catches amended returns	−2.2%

Validation - Fiscal Notes

MEASURE	MODEL	MRS	CHANGE COSTED	DIFF
LD 2212, as enacted maximum credit under 65: $1,000 → $1,500	**$9.4m**	$9.5m	MRS, April 2026	**−1.2%**
Scenario 1 prototype exemption to $35,275, reimbursement held at 76%	**$35.2m**	$34.4m	MRS, Sep 2026	**+2.5%**
Scenario 3 prototype exemption to $52,500, reimbursement cut to 50%	**$36.8m**	$34.3m	MRS, Sep 2026	**+7.3%**
Scenario 5 prototype maxima to $3,000 and $4,000, threshold 4.0% → 3.7%	**$32.6m**	$29.4m	MRS, Sep 2026	**+10.8%**
Scenario 6 prototype maxima to $2,250 and $3,000, benefit bases +17.3%	**$34.4m**	$32.2m	MRS, Sep 2026	**+6.8%**

Policy Scenarios

14 changes to today's relief, in two groups

$35 million of new State spending

8 scenarios

Homestead exemption

S1 A larger exemption
S2 Reimburse towns 100%
S3 Reimburse 50%, much larger exemption

Fairness Credit

S4 Higher benefit bases
S5 Higher maximum credit
S6 Both

Property tax ceiling at 6% of income

S7 Households 65 and over
S8 All ages

Revenue-neutral reallocation

6 scenarios: no new State money

End a State payment to towns, grow the Fairness Credit

S9 Revenue Sharing I
S10 Revenue Sharing II
S11 Homestead reimbursement cut to 50%
S12 Homestead reimbursement ended
S13 All three

Replace all of today's relief

S14 Homestead Plus

Household Archetypes

Common types of Maine households, in two sets

6 REPRESENTATIVE ARCHETYPES

every Maine household falls in one

R1 Families with dependents
117,000 households

R2 Older owners, income $45k+
102,000 households

R3 Working-age owners, income $45k+
136,000 households

R4 Lower-income owners
88,000 households

R5 Renters under 65
117,000 households

R6 Renters 65 and over
36,000 households

7 BURDENED ARCHETYPES

the 60,000 households still paying over 6% of their income

B1 Older owners living alone
9,700 households

B2 Older owners living with others
10,100 households

B3 Working-age owners living alone
10,300 households

B4 Working-age owners with a partner
8,800 households

B5 Owners with children
9,500 households

B6 Owners of high-value homes
4,500 households

B7 Renters
6,100 households

Maine Property Tax Relief Explorer



Maine Property Tax Relief Explorer

Analysis of changes to Maine's property tax relief programs on behalf of the Real Estate Property Tax Relief Task Force

Progress & Poverty INSTITUTE | Center for Land Economics

Policy Scenarios | Household Archetypes | Pick a Scenario & Archetype | About the Model

Policy Scenarios

On this page you can explore 14 different scenarios, each of which represents a change to the way in which Maine provides property tax relief to households, and learn about how each scenario would affect households at different levels of income or in different parts of the state.

There are two distinct types of policy scenario:

- **8 scenarios which spend $35 million of new State spending**: These scenarios answer the following question: what are the different ways that the State of Maine could spend an extra $35 million more on expanding the existing property tax relief programs?
- **6 scenarios which reallocate money between existing relief programs**: These scenarios are designed to be revenue-neutral: they leave overall State spending unchanged. Instead, they consider what could be achieved by abolishing one or more existing relief programs and directing all of the freed-up funds into expanding a different relief program.

Start by comparing the two sets of scenarios all at once, or scroll down to explore a specific scenario in greater depth.

› Learn more about Maine's existing property tax relief programs

Compare the scenarios

Scenario group

$35 million of new State spending | Revenue-neutral relief reallocation

$35 million of new State spending: 8 scenarios

Select a scenario to explore it below.

Scenario	Program	What changes	State cost	Delivered relief	Number of Households: Gaining	No change	Losing
S1. Increase the Homestead Exemption	Homestead exemption	Exemption up $11,600; mill rates up 0.33%	$34.9m	$39.3m	310,976	169,542	116,642
S2. Raise the Reimbursement Rate to 100%	Homestead exemption	Exemption up $2,600; mill rates down 0.73%	$34.8m	$20.9m	431,739	165,421	0

https://landeconomics.org/maine-tax-relief-explorer

What Today's Results Don't Capture

- **Impacts on non-residential property**: mill rate changes impact tax burden on businesses, second homes and rental properties; aren't in household results
- **Impact on rents**: mill rate changes impact rental supply and therefore rents
- **Dynamic behavior**: town budgets, home prices, incentive effects are not modelled.

Other Things to Keep in Mind

- **“Burden”** as tax:income
  - Income can be low, with high wealth
  - Renters tend to be more financially-strained than homeowners
- **Progressivity** measured only via income distribution does narrow the frame
- **Property taxes have good attributes too**

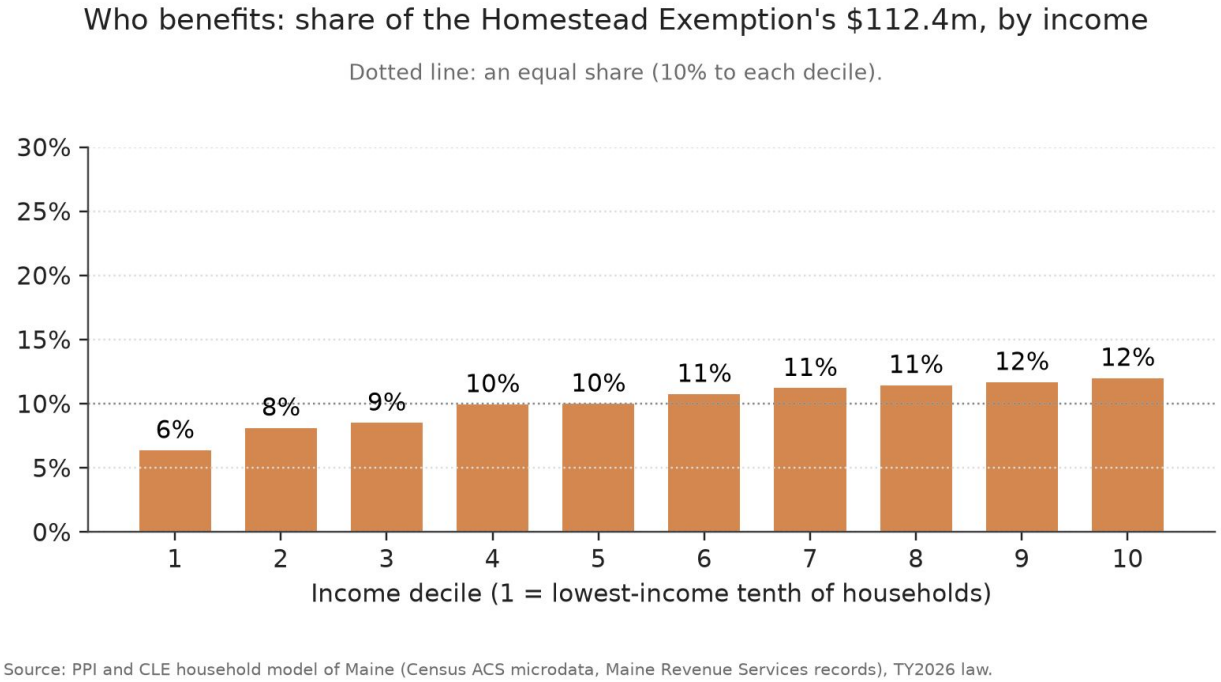
Relief Program Modelling

Effects of Existing Programs

Today: Homestead Exemption

Takes $25,000 off the taxable value of every owner-occupied home

- Delivers about $110 million a year; costs the State about $85 million a year
- Slightly regressive; homeowners more concentrated among higher incomes

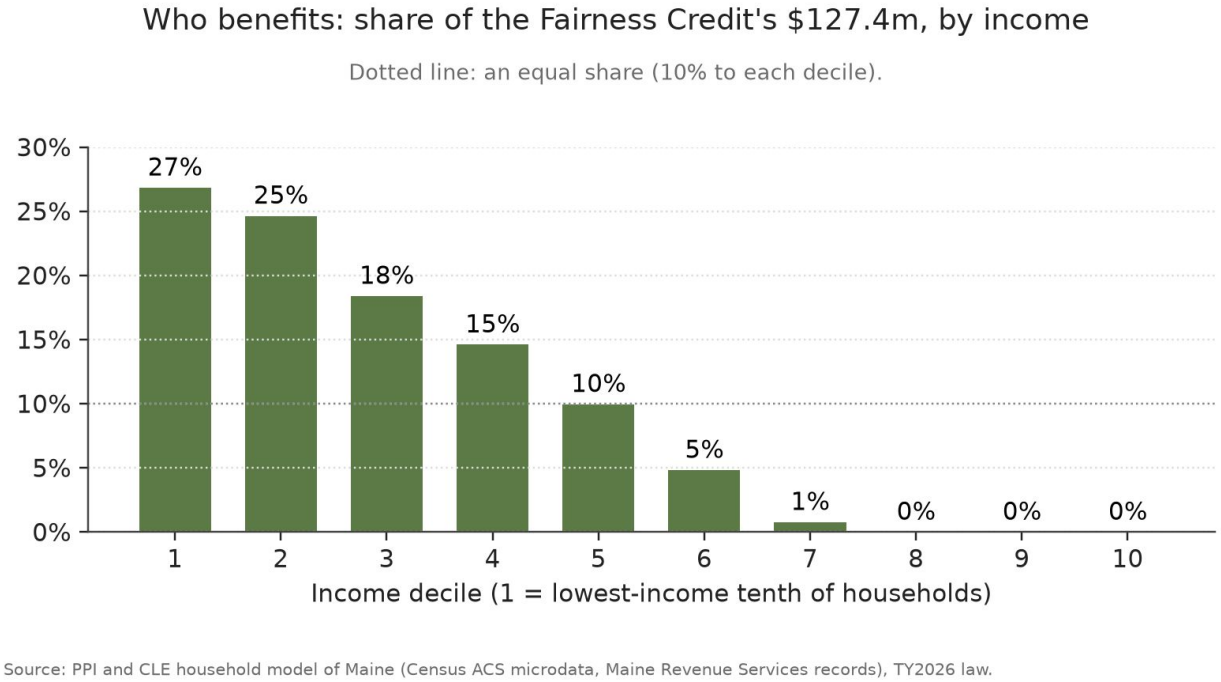


Source: PPI and CLE household model of Maine (Census ACS microdata, Maine Revenue Services records), TY2026 law.

Today: Property Tax Fairness Credit

A credit for property tax (or 15% of rent) above 4% of income, up to a limit

- Costs about $130 million a year
- Progressive; zero effect on top three deciles



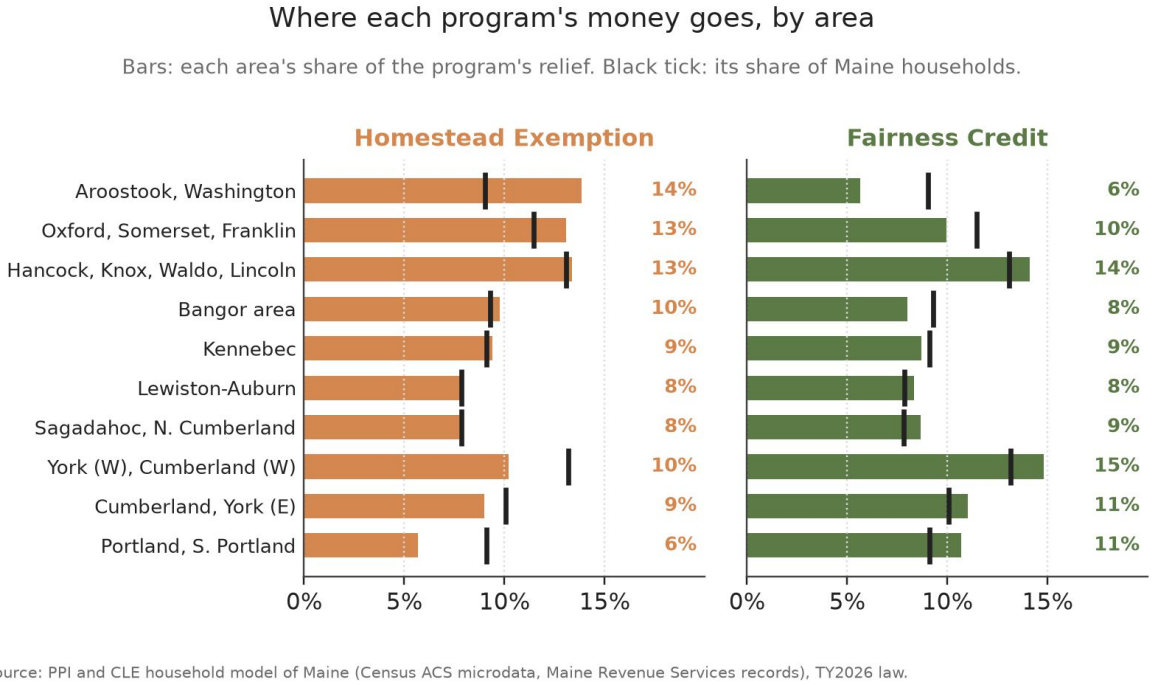
Source: PPI and CLE household model of Maine (Census ACS microdata, Maine Revenue Services records), TY2026 law.

Today's Relief by Area

Each program's share of today's relief, by area

- The far north has 9% of households but gets 14% of the exemption and only 6% of the credit

- The Portland area is the reverse: 6% of the exemption, 11% of the credit



Source: PPI and CLE household model of Maine (Census ACS microdata, Maine Revenue Services records), TY2026 law.

Relief Program Modelling

Results by Scenario - $35m of new State spending

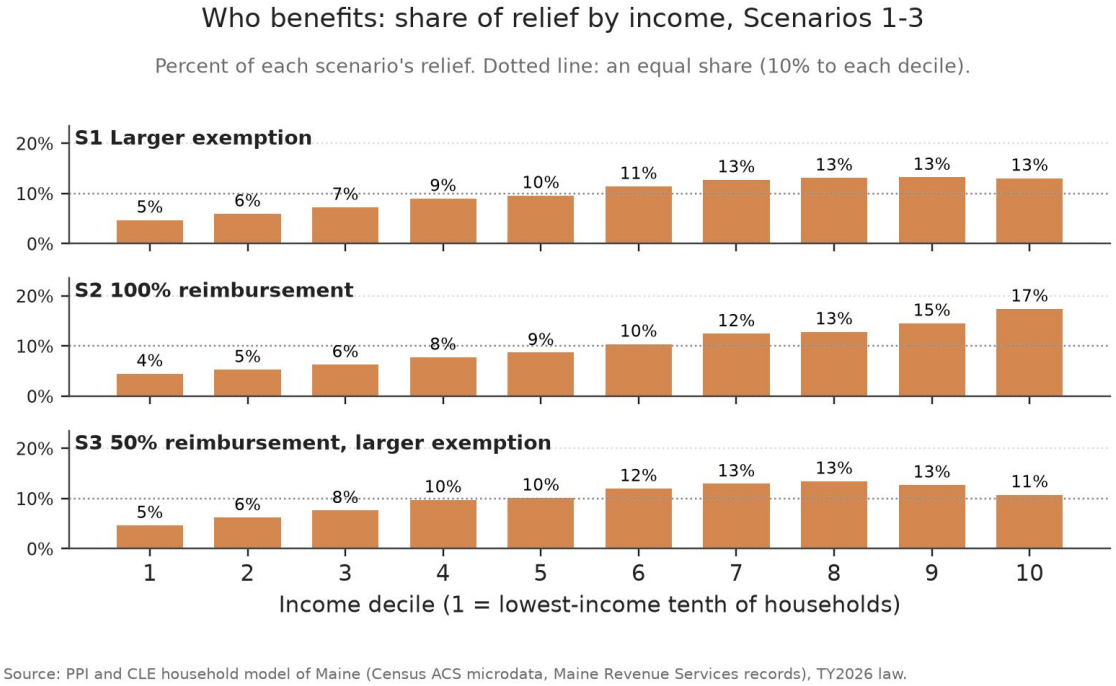
Key Findings

- **Fairness Credit is more progressive property tax relief**: it reaches lower incomes and does more to cut high tax burdens than the homestead exemption
- **Homestead Exemption** does more for Rural Maine
- **How the Fairness Credit grows matters**:
  - Higher maximum helps the lowest incomes most
  - Higher benefit bases help the middle

Scenarios 1-3: Homestead Exemption

S1: a $36,600 exemption. S2: 100% reimbursement. S3: 50% reimbursement, $56,400 exemption

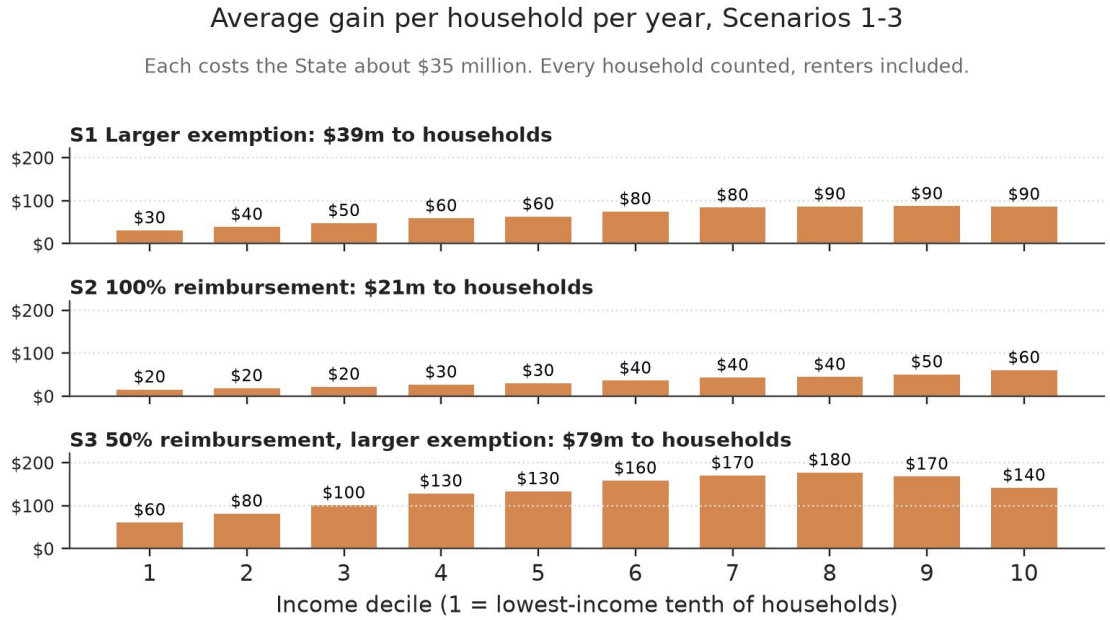
- Most of the benefit goes to higher-income homeowners
- S1 and S3 leave over 100,000 households paying more; S2 none



Source: PPI and CLE household model of Maine (Census ACS microdata, Maine Revenue Services records), TY2026 law.

Scenarios 1-3: Dollars per Household

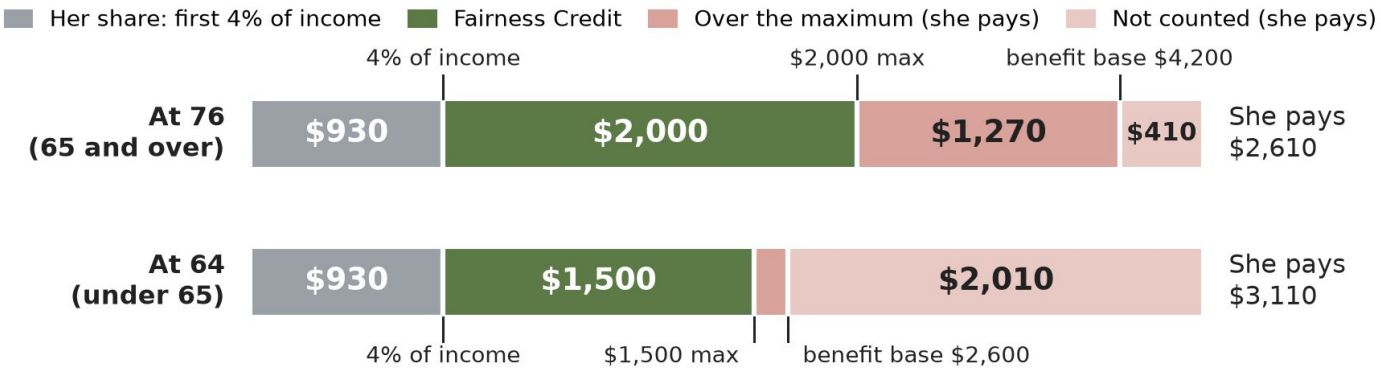
- S3 gives households about twice as much as S1, and about four times as much as S2
- Because it shifts more of the tax onto businesses, apartments, and other property



Source: PPI and CLE household model of Maine (Census ACS microdata, Maine Revenue Services records), TY2026 law.

How the Fairness Credit Works

An example household (76, lives alone, income $23,300), and the same household at 64



Setting	Under 65	65 and over	Change it, and...
Threshold (her share first)	4% of income	4% of income	lower it: the credit starts sooner
Maximum credit	$1,500	$2,000	raise it: more for those at the limit
Benefit base (bill counted)	$2,600 / $3,350 / $4,150	$4,200	raise it: more of the bill counts

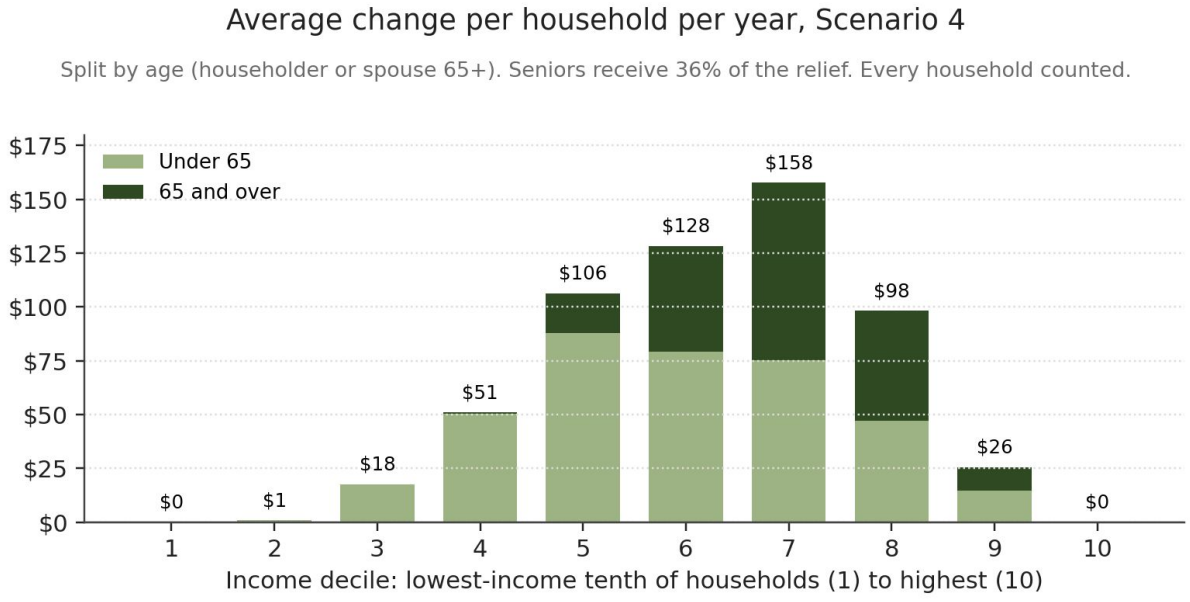
one person / two, or one dependent / more dependents

Source: PPI and CLE household model of Maine (Census ACS microdata, Maine Revenue Services records), TY2026 law.

Scenario 4: Increase the Benefit Bases

Raises the benefit bases by 65%, so the credit counts more of the bill and reaches higher incomes

- Helps middle-income households most
- Only about 1 in 9 households gains, but no one loses

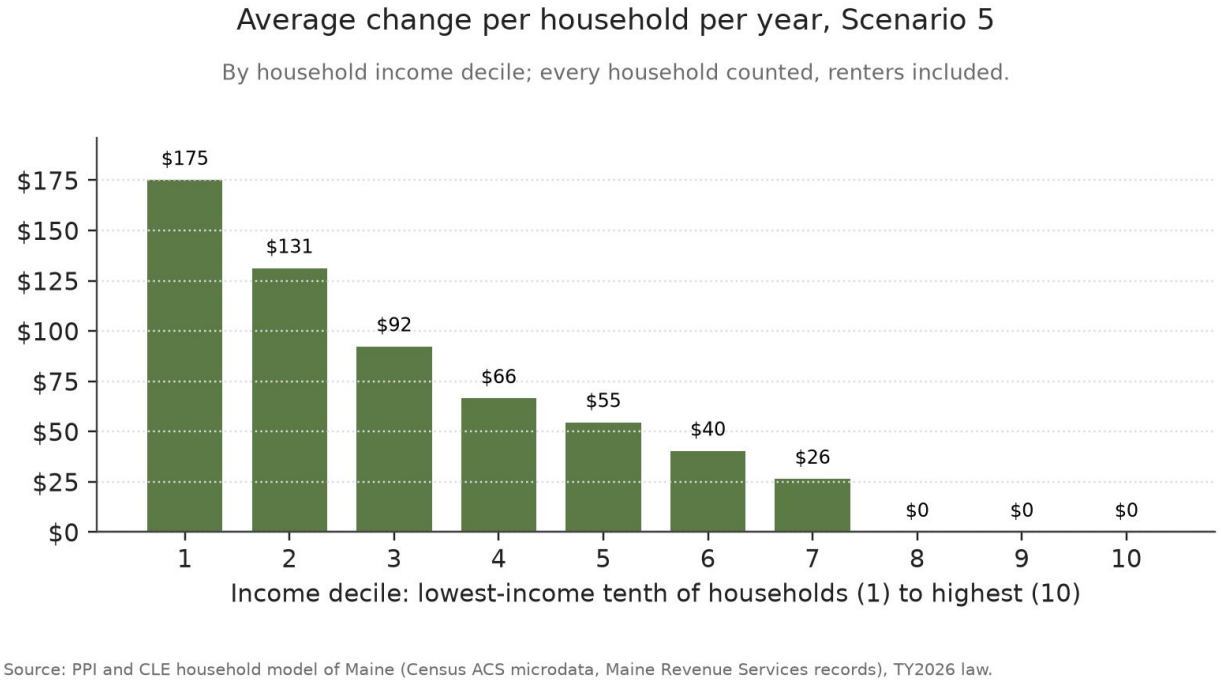


Source: PPI and CLE household model of Maine (Census ACS microdata, Maine Revenue Services records), TY2026 law.

Scenario 5: Increase the Max Credit

*Doubles the maximum credit and starts the credit at **3.72% of income instead of 4%***

- Helps the lowest-income households most
- Doubling the maximum alone would spend only about half the $35 million
- Requires a burden threshold reduction because paying the full credit would only cost $19m

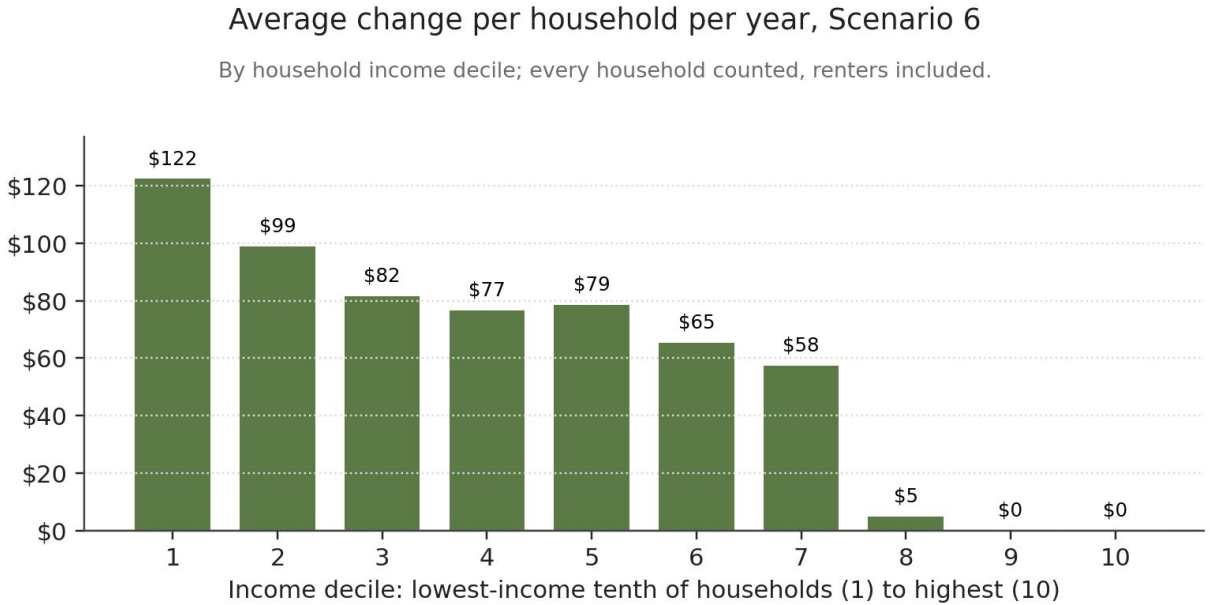


Source: PPI and CLE household model of Maine (Census ACS microdata, Maine Revenue Services records), TY2026 law.

Scenario 6: Benefit Bases & Max Credit

Raises the maximum credit by 50% and the benefit bases by about 18%

- Combined targeting of low-income and middle-income households

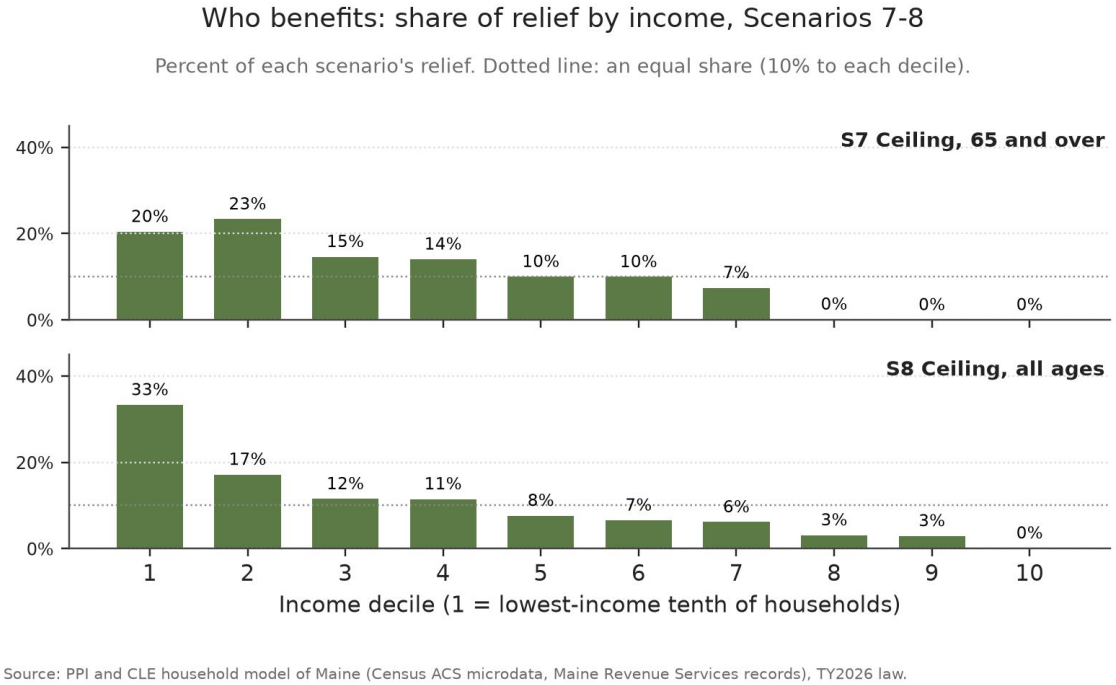


Source: PPI and CLE household model of Maine (Census ACS microdata, Maine Revenue Services records), TY2026 law.

Scenarios 7-8: Property Tax Ceilings

6%-of-income ceilings. S7: 65 and over, phasing out $75,000–$120,000. S8: any age, up to $4,300

- 6% of income: Scenario 7 phases out by income; Scenario 8 phases out by property tax bill
- S8 does the most of any $35 million option to cut high burdens; S7 helps far fewer, all 65 and over

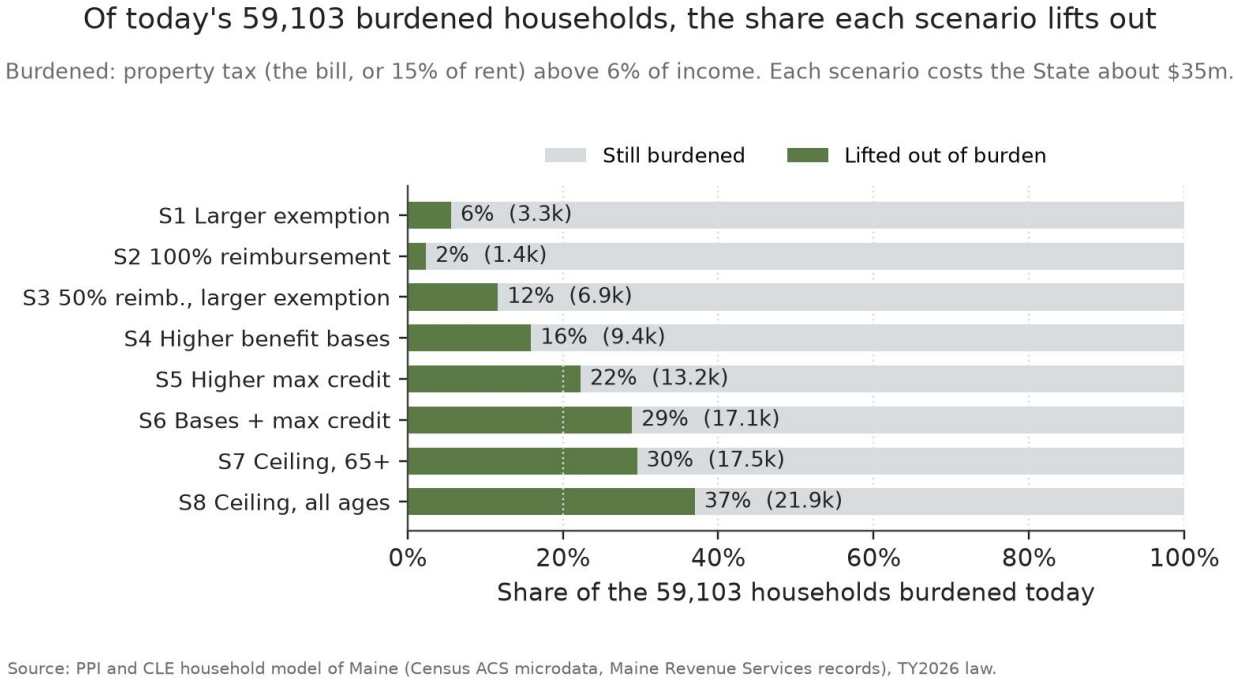


Source: PPI and CLE household model of Maine (Census ACS microdata, Maine Revenue Services records), TY2026 law.

Comparing the $35 Million Scenarios

Today about 59,000 households pay more than 6% of income in property tax

- Homestead changes do the least; Fairness Credit changes and ceilings do the most
- S7 + 8 are slightly cheating: we designed the policies explicitly around the 6% threshold



Source: PPI and CLE household model of Maine (Census ACS microdata, Maine Revenue Services records), TY2026 law.

Key Findings

- **Fairness Credit is more progressive property tax relief**: it reaches lower incomes and does more to cut high tax burdens than the homestead exemption
- **Homestead Exemption** does more for Rural Maine
- **How the Fairness Credit grows matters**:
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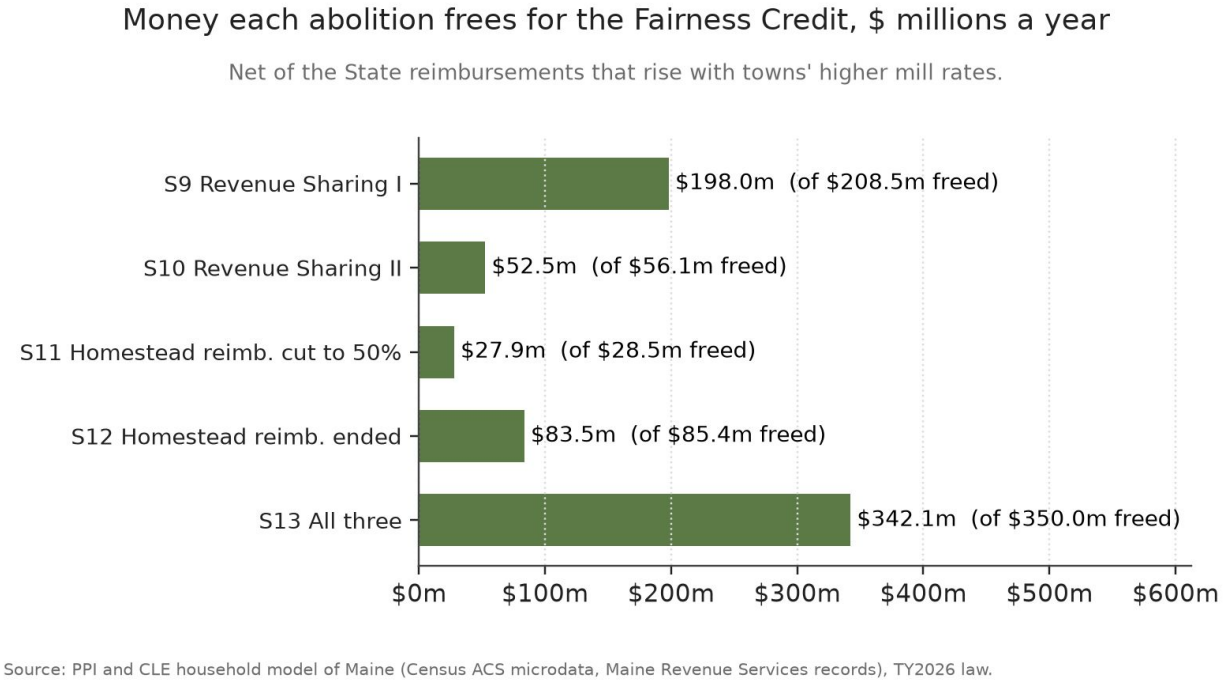
Relief Program Modelling

Results by Scenario - Revenue-neutral relief reallocation

Reallocation: The Money Each Program Frees

Scenarios 9-13 each end a State payment to towns and put the money into a larger Fairness Credit

- Revenue Sharing I is by far the largest: about $200 million a year
  - $208.5 million, but increased millages cost the state through PTFC
- All three together: about $340 million

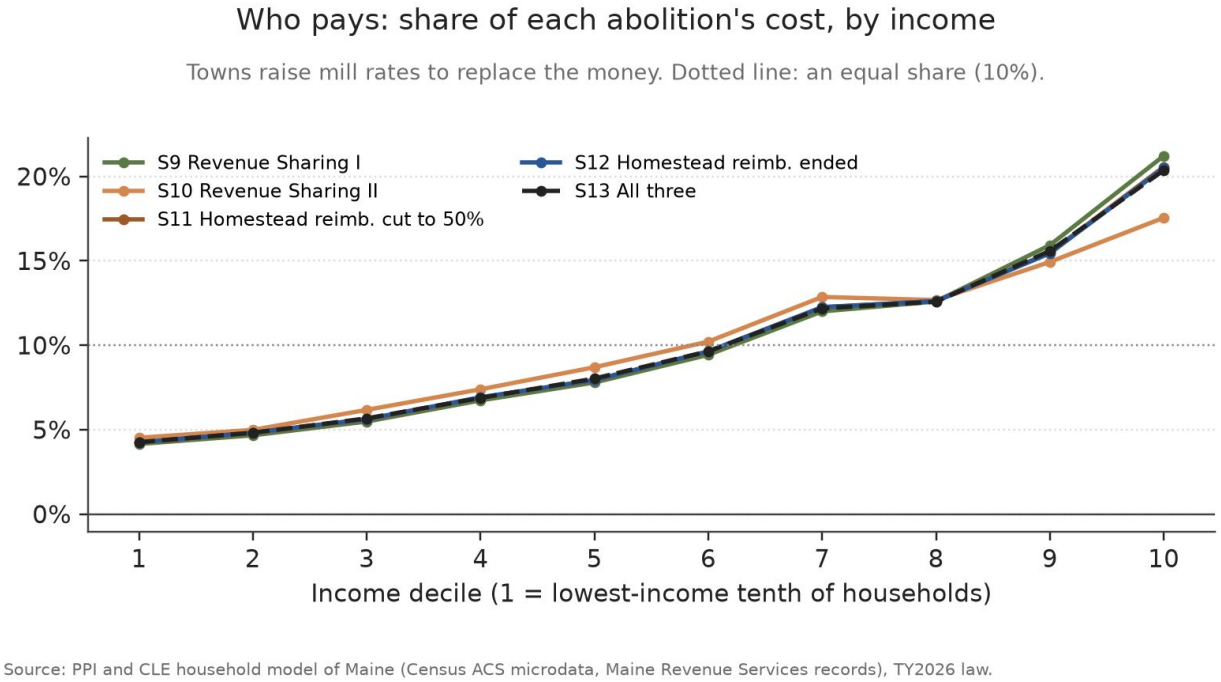


Source: PPI and CLE household model of Maine (Census ACS microdata, Maine Revenue Services records), TY2026 law.

Abolition Alone: Who Pays

If towns replace the lost money by raising property tax rates

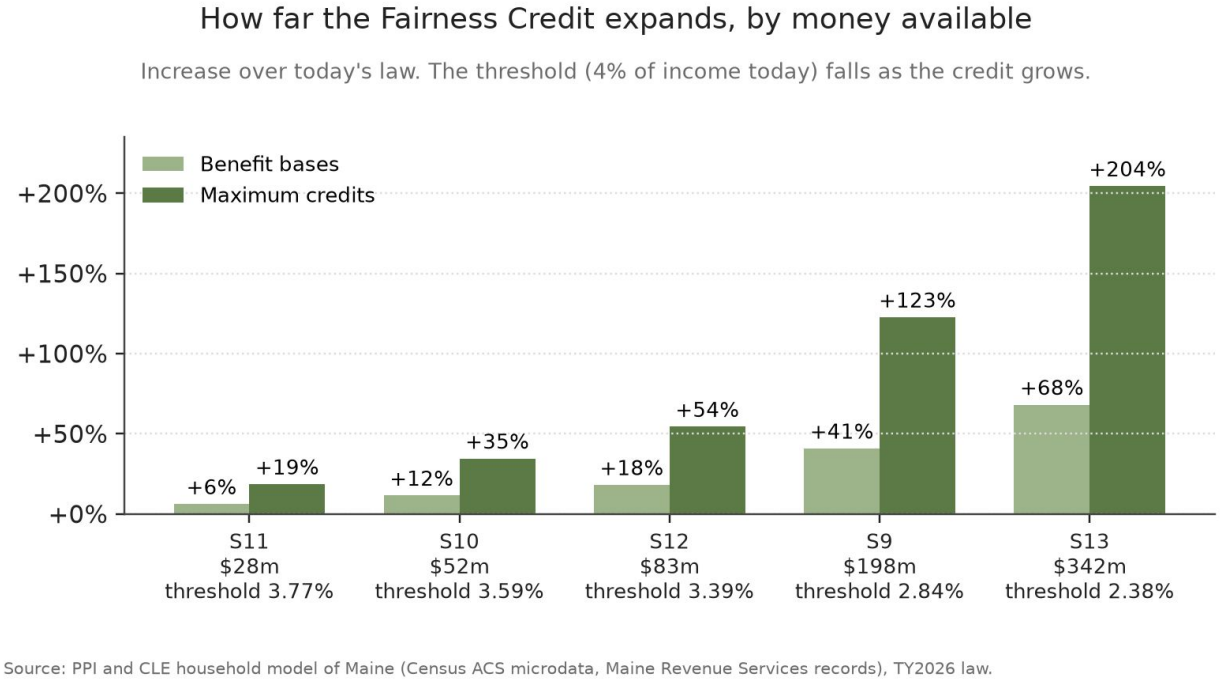
- Mostly similar: The top 30% of incomes pay about half
- Homeowners pay under half; businesses, rentals, and other properties pay the rest



Source: PPI and CLE household model of Maine (Census ACS microdata, Maine Revenue Services records), TY2026 law.

The Fairness Credit Expansion

- Every part of the credit grows in tandem:
  - max credit increases 3x faster than benefit base
  - income threshold falls inversely to benefit-base
- Rule was designed to combine progressivity with broad reach.

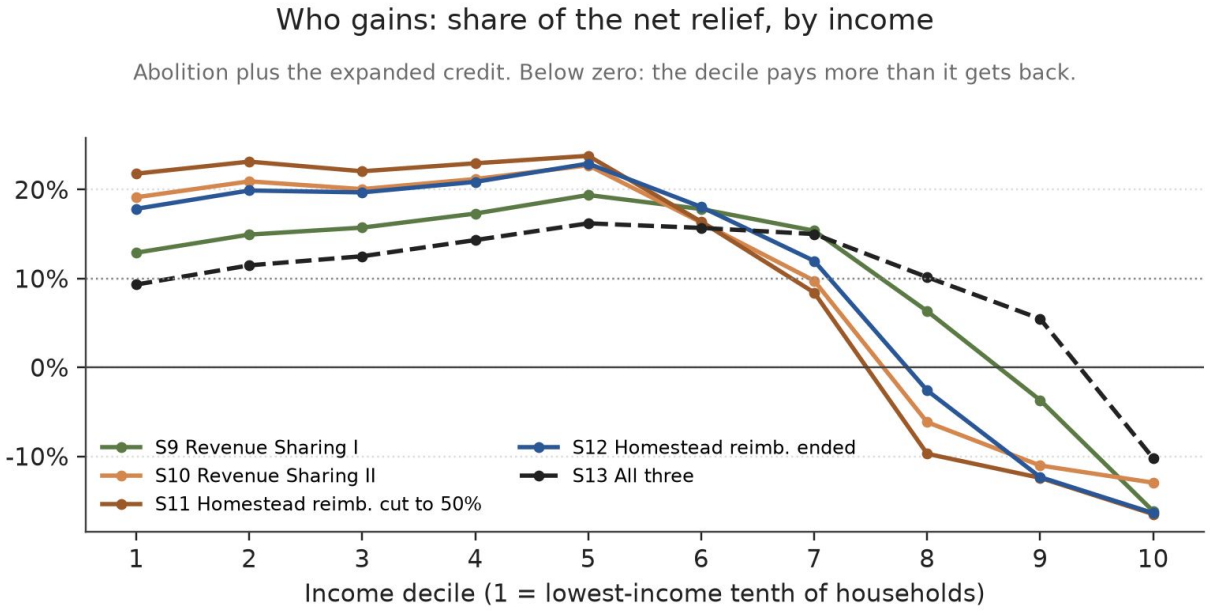


Source: PPI and CLE household model of Maine (Census ACS microdata, Maine Revenue Services records), TY2026 law.

After Reallocation: Who Gains

Abolition plus the expanded Fairness Credit

- Low- and middle-income households come out ahead in every case
- The highest-income households pay more than they get back

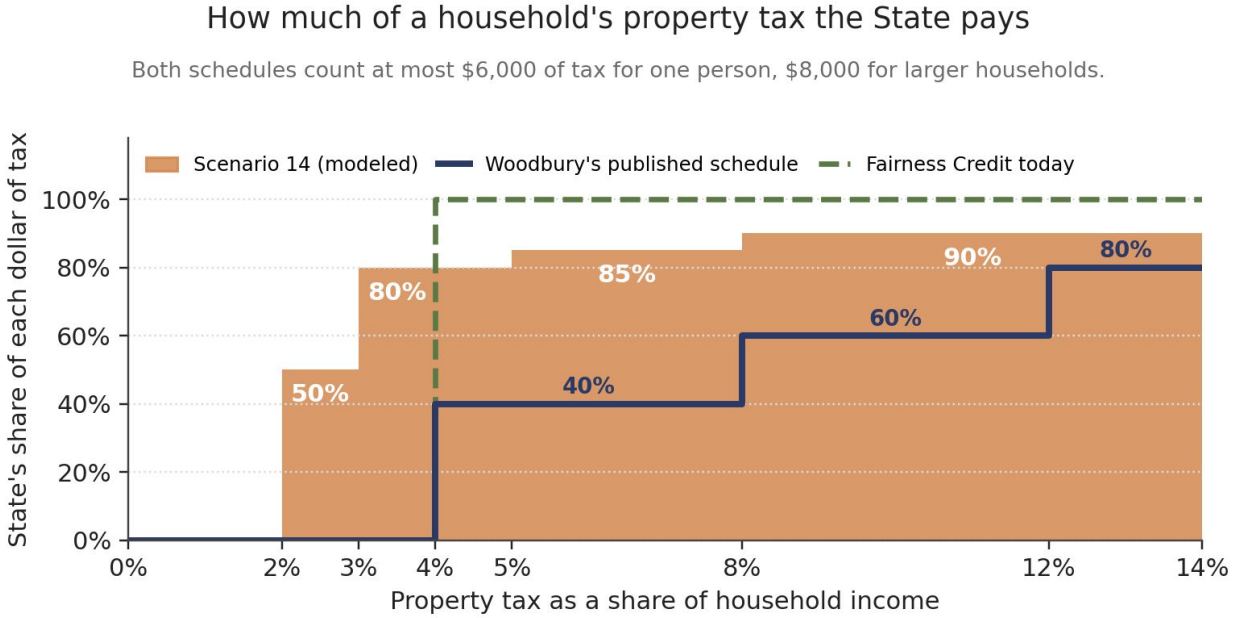


Source: PPI and CLE household model of Maine (Census ACS microdata, Maine Revenue Services records), TY2026 law.

Scenario 14: Homestead Plus

Based on Dick Woodbury's proposal: pays a share of each household's tax above 2% of income

- Replaces all of today's relief, ($475 million/yr), with one program
  - Woodbury's proposal: $160m
  - Modeled proposal: $465M
- Max $6k/$8k credit
- Includes renters

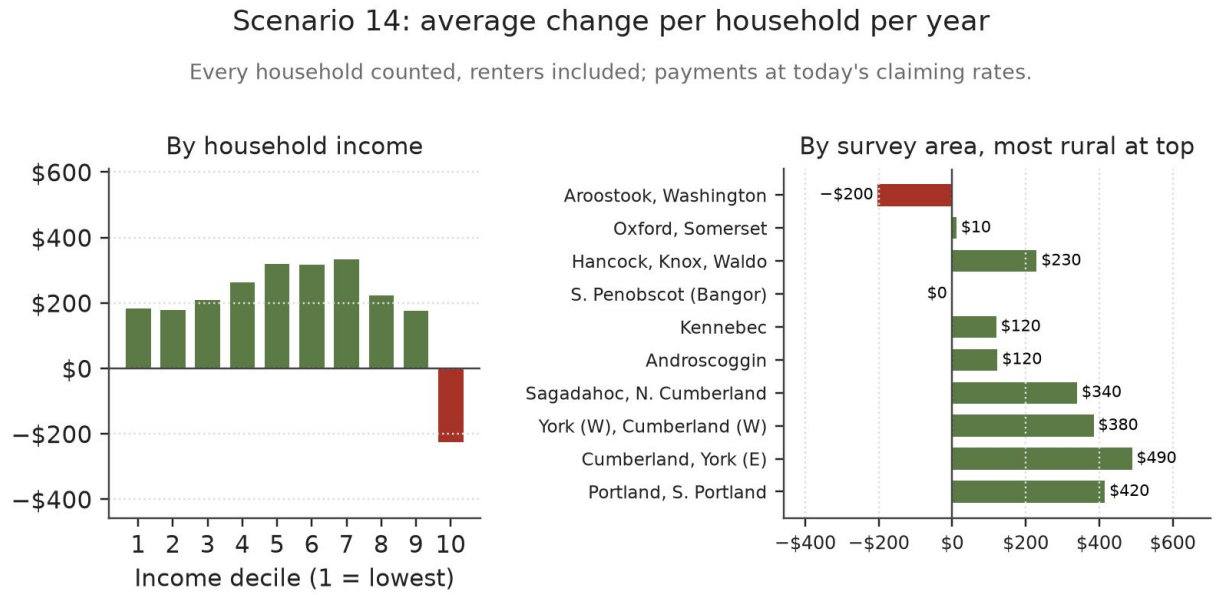


Source: PPI and CLE household model of Maine (Census ACS microdata, Maine Revenue Services records), TY2026 law.

Scenario 14: Who Gains and Who Pays

Relief follows each household's tax burden, not its home or its town

- More gain than lose, but about 4 in 10 pay more
- All but the highest incomes gain on average; the rural north loses
- Expanding PTFC appears to target lower-income deciles better



Source: PPI and CLE household model of Maine (Census ACS microdata, Maine Revenue Services records), TY2026 law.

Key Findings - Relief-Reallocation Scenarios

- Current relief programs each serve their purpose
    - But they may not be optimally allocated
- If the goal is to relieve burdens progressively, Fairness Credit is best
- Some version of Homestead Plus is worth considering

Relief Program Modelling

Results by Representative Archetype

Household Archetypes

Common types of Maine households, in two sets

6 REPRESENTATIVE ARCHETYPES

every Maine household falls in one

R1 Families with dependents
117,000 households

R2 Older owners, income $45k+
102,000 households

R3 Working-age owners, income $45k+
136,000 households

R4 Lower-income owners
88,000 households

R5 Renters under 65
117,000 households

R6 Renters 65 and over
36,000 households

7 BURDENED ARCHETYPES

the 60,000 households still paying over 6% of their income

B1 Older owners living alone
9,700 households

B2 Older owners living with others
10,100 households

B3 Working-age owners living alone
10,300 households

B4 Working-age owners with a partner
8,800 households

B5 Owners with children
9,500 households

B6 Owners of high-value homes
4,500 households

B7 Renters
6,100 households

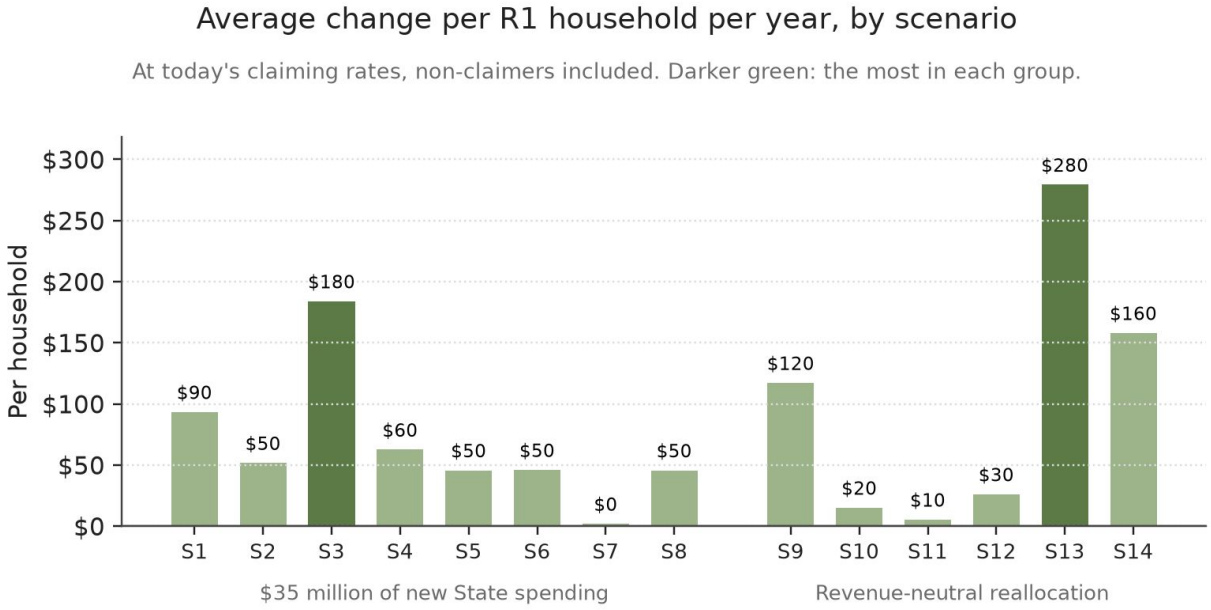
Key Findings - Representative Archetypes

- Current programs generally work well to alleviate burdens
- Changes to Homestead Exemption are clawed-back for some low-income homeowners via PTFC (R4)
- 4% income threshold binds for low-income homeowners & renters (R4 & R6)
- Reallocation provides progressive relief (R9-R13), but costs ordinary homeowners (R1 & R3)

R1: Family with kids

Homeowners with dependent = 1 in 5 Maine households (117k), mildly concentrated on Southern Coast
Median: $119,600 income, $319k home, typical tax bill ($3,160), 2.7% of income

- Highest-income archetype → only 8% are burdened
- HE reaches them (+$180 in S3) but 28% pay more
- PTFC does little (S4-S6): fewer than 1 in 5 qualify
- More lose than gain under most reallocations
- S13 evenly split, but +$280 on average.



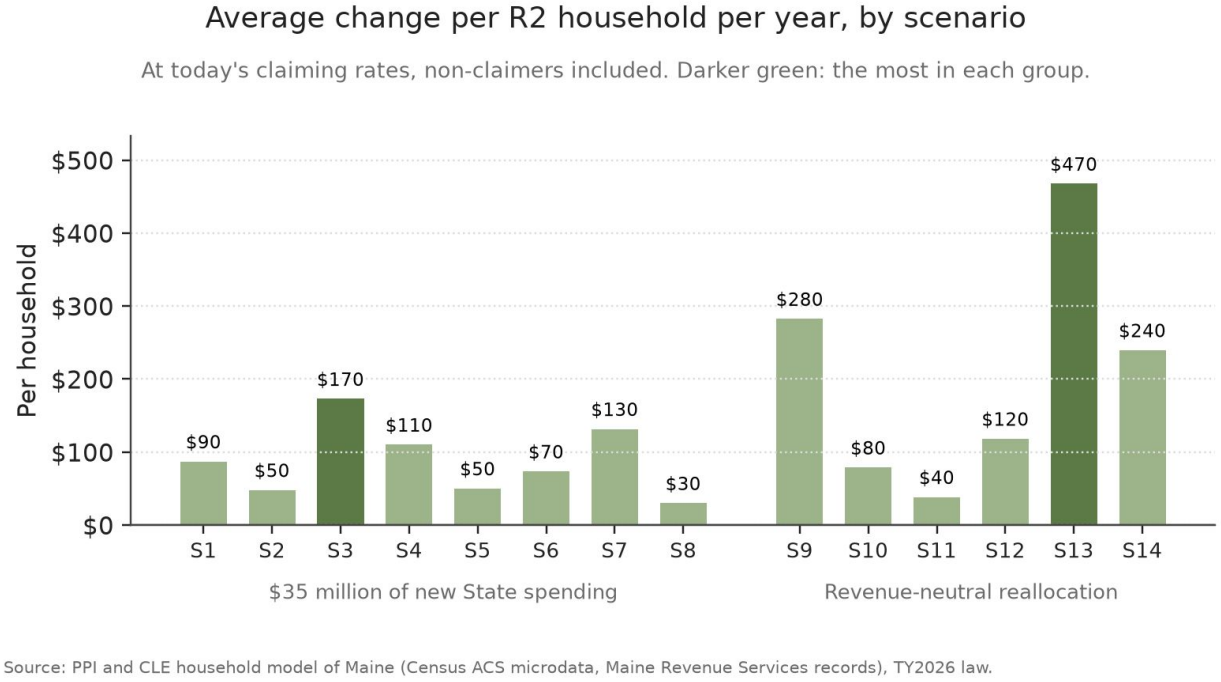
Source: PPI and CLE household model of Maine (Census ACS microdata, Maine Revenue Services records), TY2026 law.

R2: Empty-Nest Retirees

Owners 65+, no dependents, income ≥$45k = 100k households, 1 in 6

Median: $88,000 income, $310k home, typical tax bill ($3,150), 3.3% of income

- 1 in 3 qualify for PTFC. Typical claimant receives $910 (well below max credit)
- Scenario ranking is similar to R1
- Except Senior property tax cap (S7): reaches 8%, halves the share burdened (11% → 6%)
- S13 & S14 Cut the burdened share to 4%

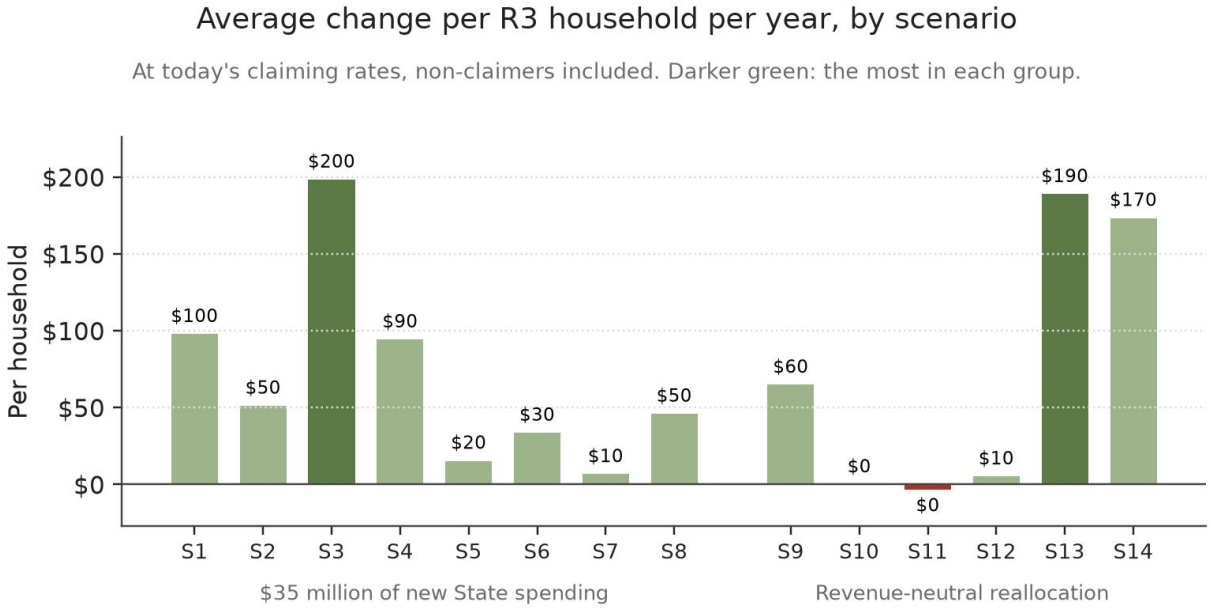


Source: PPI and CLE household model of Maine (Census ACS microdata, Maine Revenue Services records), TY2026 law.

R3: Working-age homeowners, no dependents

Homeowners under 65 with no dependents, income ≥$45k = nearly 1 in 4 Maine households (136k)
Median: $111,000 income, $301k home, $3,040 tax bill, 2.5% of income (lightest of any group)

- Only 1 in 9 qualify for PTFC; ¾ of whom are at benefit-base (S4)
- HE helps them, S3 by even more than reallocation
- Majority are worse-off under all reallocation scenarios.

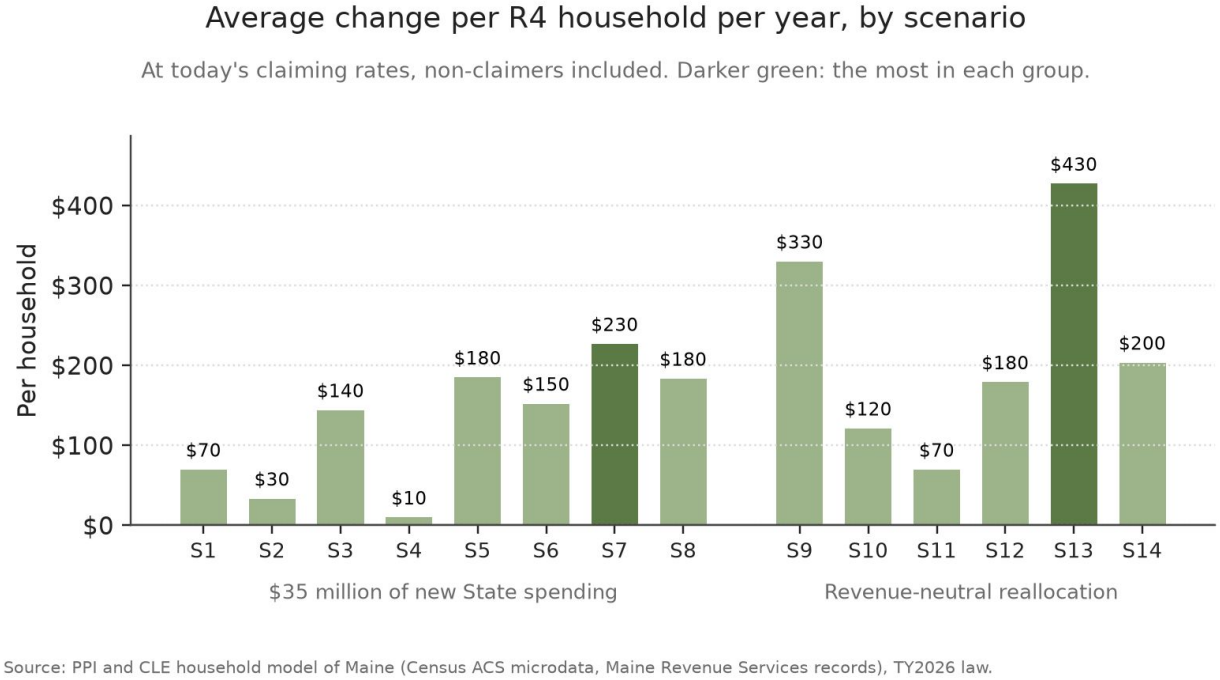


Source: PPI and CLE household model of Maine (Census ACS microdata, Maine Revenue Services records), TY2026 law.

R4: Lower-Income Owner, No Dependents

Owners with no dependents, income <$45k = 88k households, 1 in 7, half rural
Medians: $26,400 income, $193k home, $1,910 tax bill, 4.0% of income after relief

- Target for existing relief: ¾ qualify for PTFC
- Majority are limited by 4% threshold (S5)
- So HE changes are clawed-back (S1 -S2)
- PTFC expansions help them (S13)

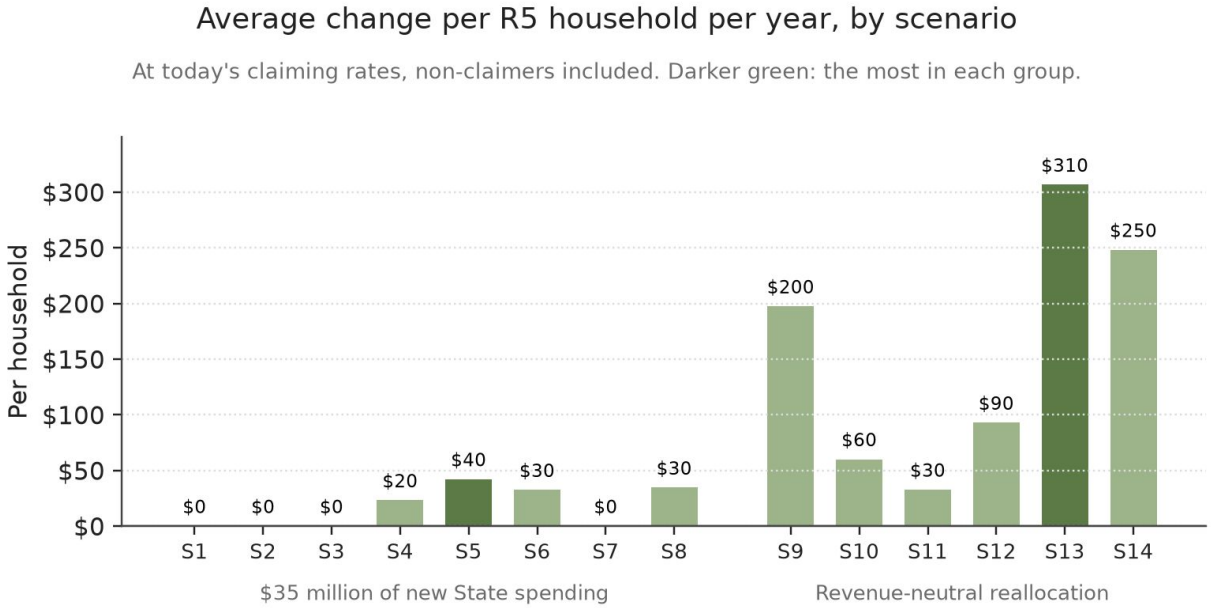


Source: PPI and CLE household model of Maine (Census ACS microdata, Maine Revenue Services records), TY2026 law.

R5: Working-age renters

Renting households under 65 = 117k households, 1 in 5 Maine households, overrepresented in Portland
Median: $50k income, $1,800 of rent counted towards PTFC, 3.5% of income

- 2 in 5 qualify for PTFC
- So increases only help a little (S4-S6)
- (S1-S3) Homestead changes give renters nothing
- Reallocations to PTFC & HP resolve their burden (S13 & S14)

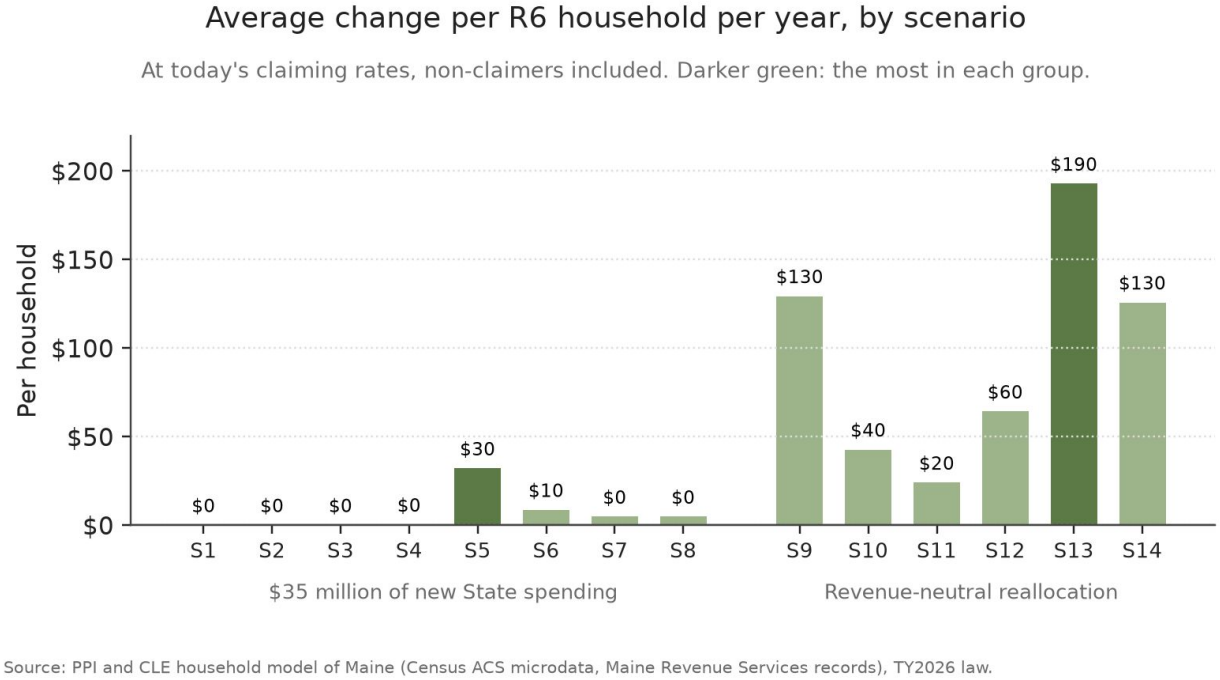


Source: PPI and CLE household model of Maine (Census ACS microdata, Maine Revenue Services records), TY2026 law.

R6: Retiree renter

Renting households 65 and over = 36k households, smallest Representative archetype, slightly more urban
Median: $27,000 income, $1,200 of rent counted towards PTFC, 3.9% of income

- Half qualify for PTFC, almost-fully resolves their burden.
- Same story as R5.



Source: PPI and CLE household model of Maine (Census ACS microdata, Maine Revenue Services records), TY2026 law.

Key Findings - Representative Archetypes

- Current programs generally work well to alleviate burdens
- Changes to Homestead Exemption are clawed-back for some low-income homeowners via PTFC (R4)
- 4% income threshold binds for low-income homeowners & renters (R4 & R6)
- Reallocation provides progressive relief (R9-R13), but costs ordinary homeowners (R1 & R3)

Relief Program Modelling

Results by Burdened Archetype

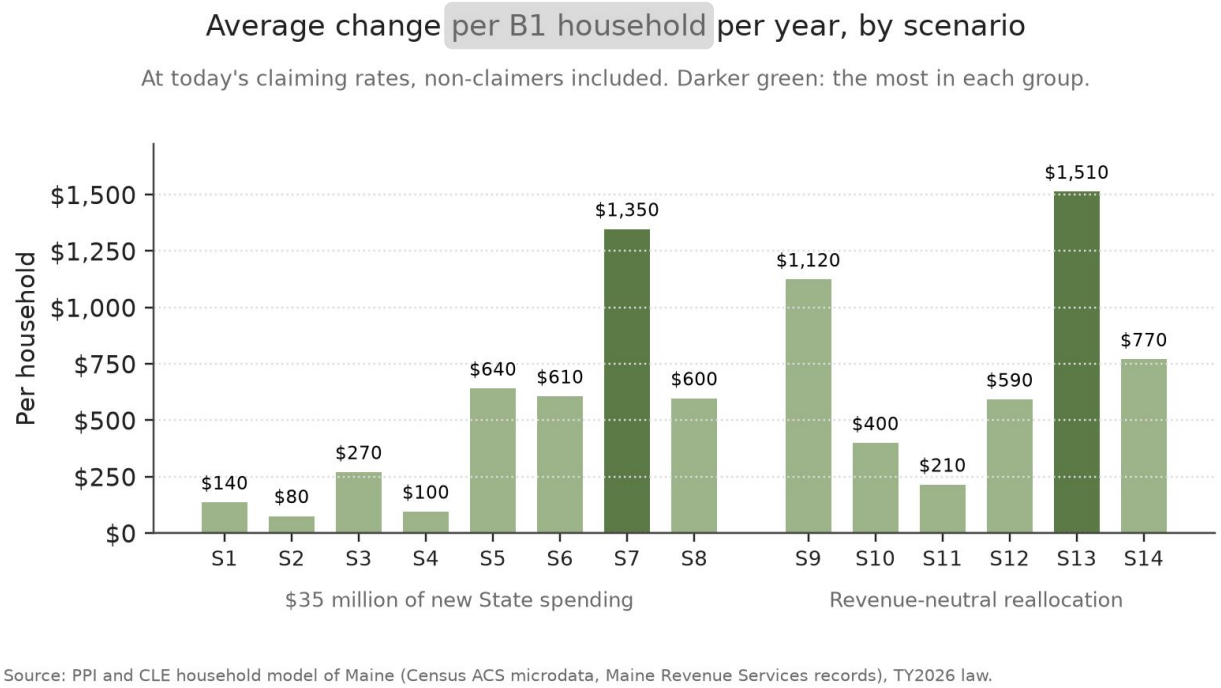
Key Findings - Burdened Archetypes

- Risk factors: living alone, low income (B1, B3)
- HE doesn’t much help the Burdened; PTFC & Homestead Plus better targeted (B1-B7)
- Max credit reaches burdened families, retirees, renters (B1, B5, B7)
- Benefit base reaches burdened empty-nesters (B4)

B1: Burdened retiree living alone

Burdened homeowners 65+ living alone in a <$1m home = 9,710 households, half in Greater Portland/Southern Coast

- 9 in 10 are at the maximum credit (S5 & S6)
- (S7) Senior-targeted property tax cap gives them near-universal relief (but does nothing for working-age households)
- HE does little for them (S1-S3); converting Reimbursement into expanded FC does more (**S12-S13**)

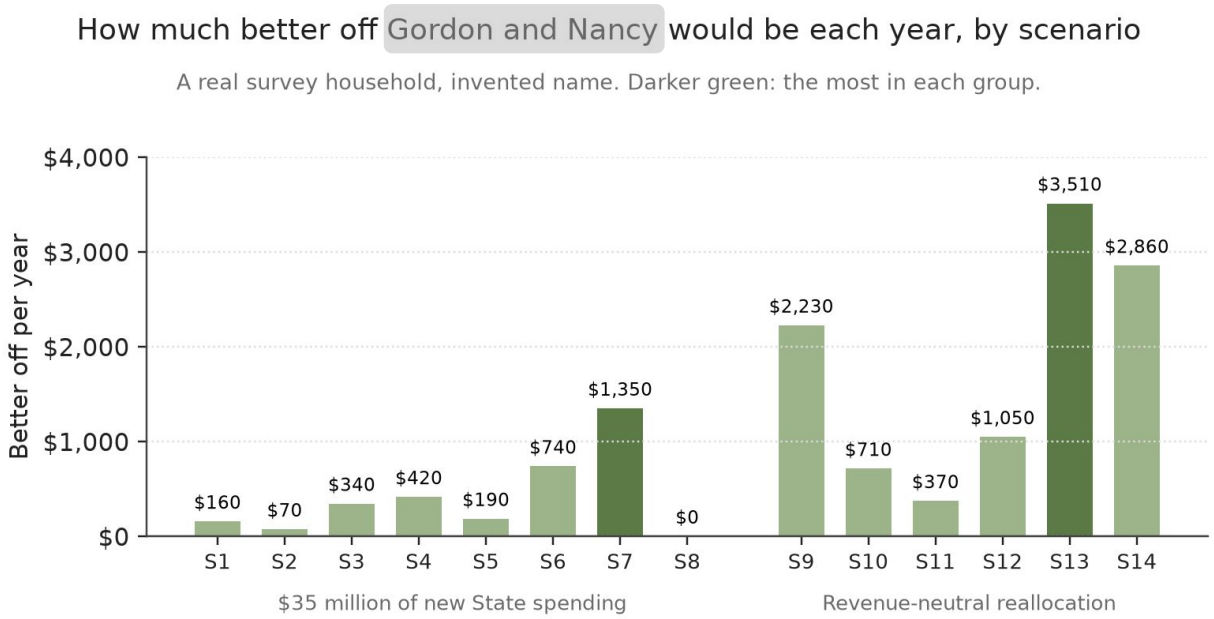


Source: PPI and CLE household model of Maine (Census ACS microdata, Maine Revenue Services records), TY2026 law.

B2: Burdened retiree living with others

Burdened homeowners 65+ living with others in a <$1m home = 10,090 households, often Southern Coast
Vignette: Gordon & Nancy Leclerc in Cumberland, $65,400 income, $486k home, tax $5,280 after relief (8.1% of income)

- Leclercs are at the benefit base (so S4 helps)
- (S7) Senior cap still best
- (S8) Universal cap does nothing for them (ceiling payment falls below their current credit)
- Expanded PTFC (S13) & Homestead Plus (S14) reduce their burden to 2.7% and 3.7% of income respectively.



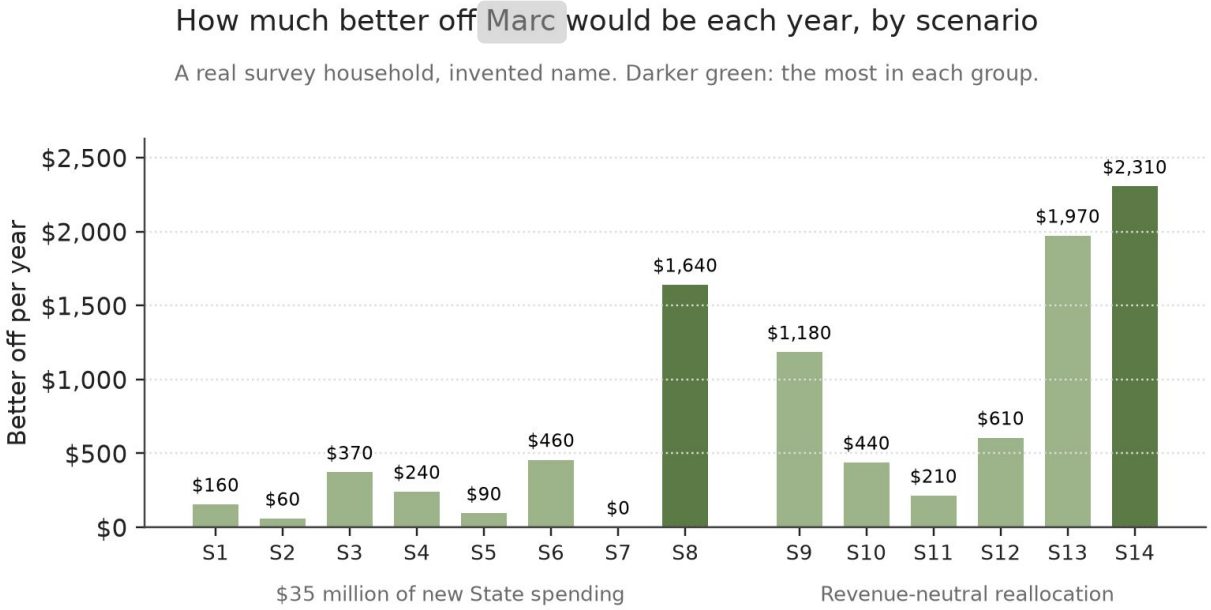
Source: PPI and CLE household model of Maine (Census ACS microdata, Maine Revenue Services records), TY2026 law.

B3: Working-age solo homeowner

Burdened homeowners under 65 living alone in a <$1m home = 10,330 households, mostly urban

Vignette: Marc Bisson in Biddeford, $33,500 income, $375k home, tax $3,720 after relief (11.1% of income)

- Marc's age squeezes both PTFC levers: lower max credit + smallest benefit base
- (S7) Senior cap does nothing for working-age Marc
- (S8) But Universal cap is his best $35m option (value ceiling leaves him at 6.2% burden)
- (S14) Marc helped most by Homestead Plus (no benefit base); lowers burden to 4.2%

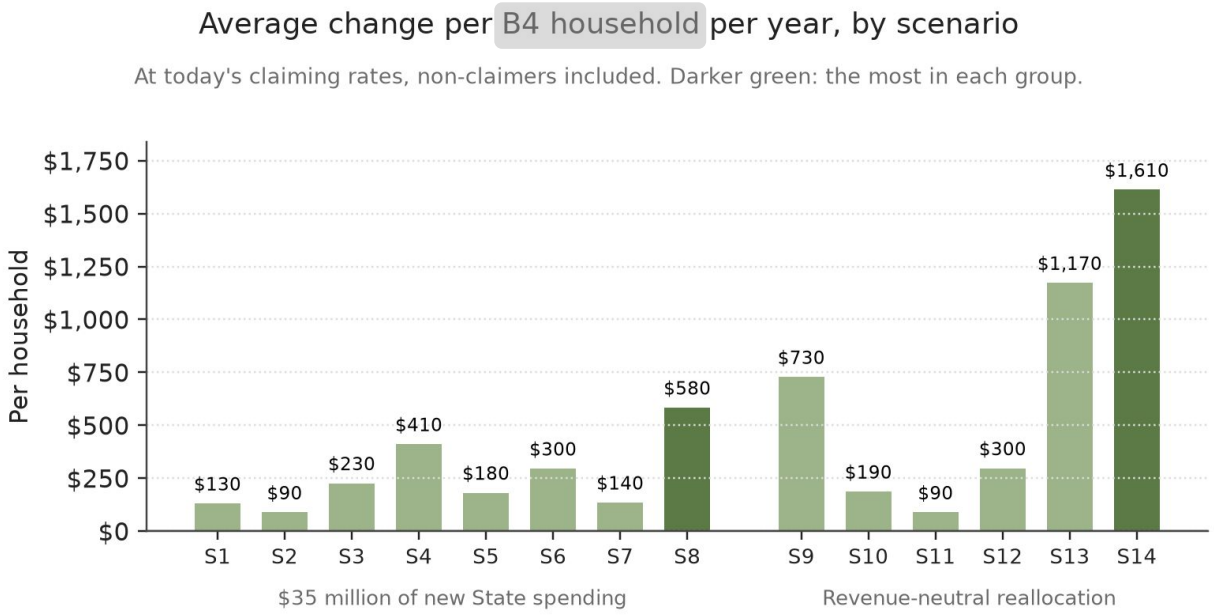


Source: PPI and CLE household model of Maine (Census ACS microdata, Maine Revenue Services records), TY2026 law.

B4: Burdened empty-nesters & DINKs

Burdened homeowners under 65 living with a partner in a <$1m home = 8,840 households, often Southern Coast
Medians: $67,400 income, $437k home, $6,380 tax bill, 8.0% of income after relief

- Majority are constrained by benefit base
- So S4 helps them, along with universal cap (S8)
- Also makes Homestead Plus best (S14): moves ¾ below 6% burden



Source: PPI and CLE household model of Maine (Census ACS microdata, Maine Revenue Services records), TY2026 law.

B5: Burdened families

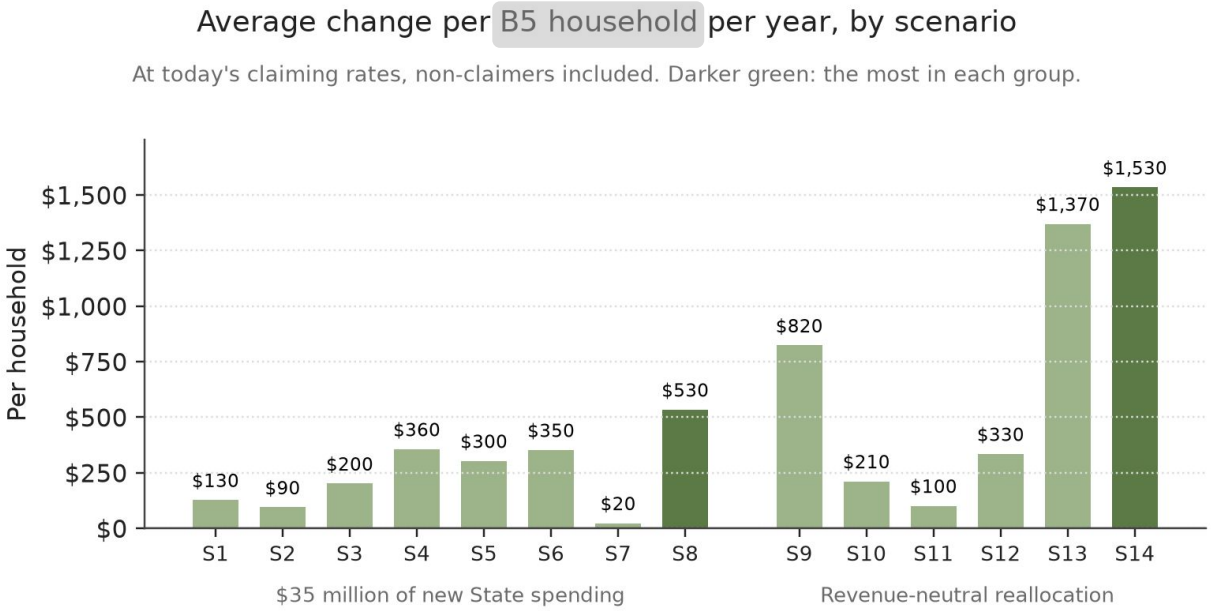
Burdened homeowners with a dependent at home = 9,460 households, often Southern Coast

Medians: $73,300 income, $486k home, $6,980 tax bill, 8.4% of income after relief

- Recent movers
- Dependents give them a higher benefit base; most are constrained by max credit

- (S8) Universal cap is their best $35m option, but still leaves 3 in 4 burdened

- (S13 & S14) Lift two-thirds and three-quarters below 6%

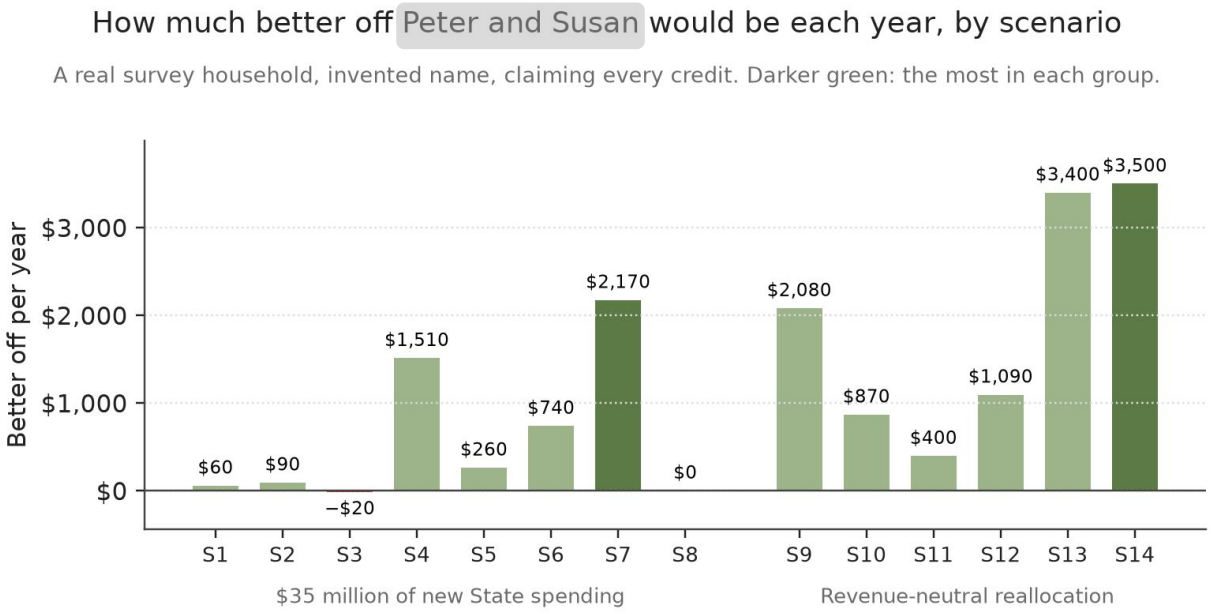


Source: PPI and CLE household model of Maine (Census ACS microdata, Maine Revenue Services records), TY2026 law.

B6: Expensive Home Owner

Burdened homeowners with no dependents in a $1m+ home = 4,530 households, often Southern Coast
Vignette: Peter & Susan Chadbourne in Cornish, $92.8k income, $1.3m home, tax $9.5k after relief (10.2% of income)

- Chadbournes are burdened by their home value, not low income: $10k tax bill is nearly 3x average
- Senior cap (S7) is best, but would've delivered nothing two years ago. Universal cap (S8) only counts $370k of their home's value.
- S13 & S14 deliver ~$3.5k relief, but leave them slightly above 6% burden.



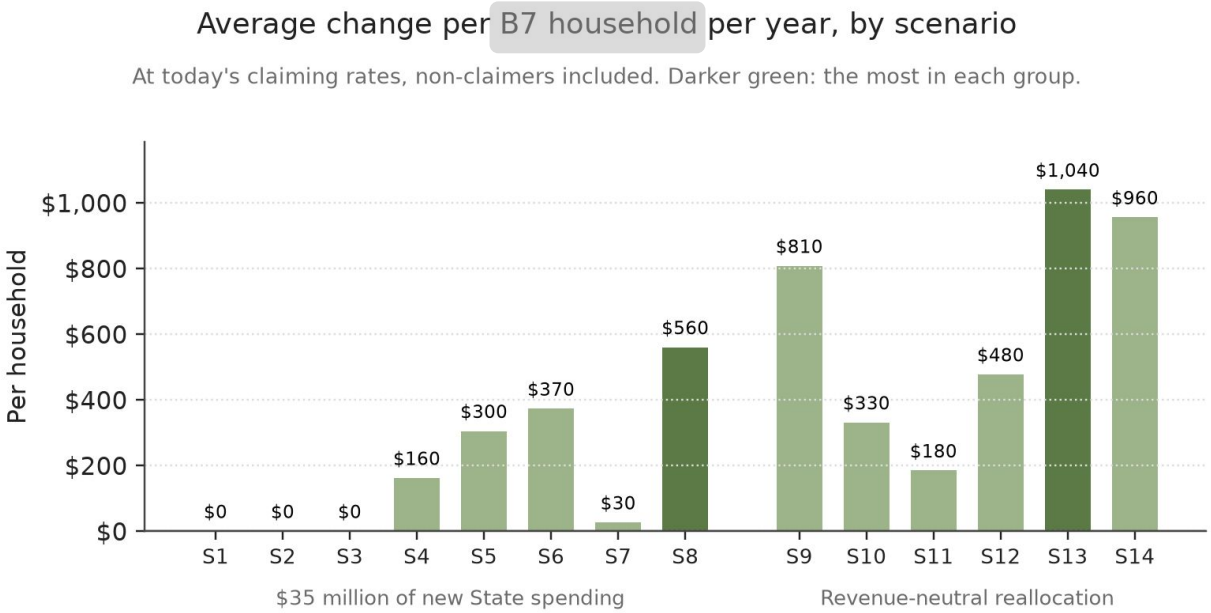
Source: PPI and CLE household model of Maine (Census ACS microdata, Maine Revenue Services records), TY2026 law.

B7: Rent-Burdened

Burdened renters of any age = 6,150 households, often Greater Portland

Caveat: 2 in 3 pay more rent than they earn in income (function of how the archetype was defined)

- Lowest incomes of any archetype ($18k), 9 in 10 qualify for PTFC.
- HE no help at all (S1-S3)
- Universal cap (S8) very effective, if renters included.
- S13 & S14 increase their income by ~5%



Source: PPI and CLE household model of Maine (Census ACS microdata, Maine Revenue Services records), TY2026 law.

Key Findings - Burdened Archetypes

- Risk factors: living alone, low income (B1, B3)
- HE doesn’t much help the Burdened; PTFC & Homestead Plus better targeted (B1-B7)
- Max credit reaches burdened families, retirees, renters (B1, B5, B7)
- Benefit base reaches burdened empty-nesters (B4)

Questions / Discussion



Link to Relief Explorer:
https://landeconomics.org/maine-tax-relief-explorer

Key Findings

- **Expanding the Fairness Credit is the most progressive form of property tax relief**. Especially via max credit.
  - Benefit base reaches middle-incomes. Burden threshold provides broad relief.
- **Homestead Exemption is less progressive**, but better-reaches rural areas.
- Archetypes reveal:
  - Homestead exemption has broad reach, but excludes renters
  - Max credit reaches burdened families, retirees, renters
  - Benefit base reaches burdened empty-nesters & DINKs
- **Reallocations provide progressive relief**, but at the cost of existing programs.
  - Burdened archetypes do best under scenarios that raise their own tax bill
  - Homestead Plus worth consideration

Laxon, Lindsay

Subject: Follow-up re: property tax fairness credit/Maryland and Montana

From: Pittman, Daniel S <Daniel.S.Pittman@maine.gov>
Sent: Tuesday, October 20, 2026 5:31 PM
To: Olson, Rachel <Rachel.Olson@legislature.maine.gov>; Laxon, Lindsay <Lindsay.Laxon@legislature.maine.gov>
Cc: DAlessandro, Daniel <daniel.dalessandro@maine.gov>; Sagaser, John W. <john.w.sagaser@maine.gov>; Allen, Michael J <michael.j.allen@maine.gov>; Trundy, Anya <anya.trundy@maine.gov>
Subject: Follow-up re: property tax fairness credit/Maryland and Montana

This message originates from outside the Maine Legislature.

Ladies and Gentlemen

At your last meeting, Senator Grohoski asked whether the Office of Tax Policy had looked at how Maryland and Montana administer their property tax relief credits, and whether solutions those states had found would offer any guidance on how Maine could do something similar, given the various logistical challenges we discussed. I have looked into those programs and discuss them below, but to summarize, I do not believe they offer much useful guidance for Maine.

1. Maryland

Maryland's property tax law includes an income-based credit in some ways similar to Maine's Property Tax Fairness Credit, and that credit applies directly to the taxpayer's property tax bill. Under Maryland's "Homeowner's Property Tax Credit," (MD Tax—Property Code Ann. Sec. 9-104 et. seq.) taxpayers whose property taxes exceed a given percentage of their income (and meet other eligibility requirements) can receive a credit directly against their property tax bill. The program has interesting similarities to the proposal considered by the task force, but two significant differences stand out and should be borne in mind in considering how a similar program could work in Maine:

a. The credit, although income-based, is structured as a property tax credit; that is, it is governed by the property tax statute, rather than being an income tax credit paid through the property tax system, and
b. Maryland's property tax is administered at the county level (and by the City of Baltimore), so to the extent of the coordination between the Income Tax function and the Property Tax function, there are only 24 local jurisdictions involved, all of which represent significant numbers of citizens and presumably have significant administrative resources relative to Maine's 482 towns and cities.

That said, in some ways the Maryland credit does achieve some of the results contemplated by the Task Force's query. In Maryland, counties send out property tax bills in July. Taxpayers have until October 1 to claim the credit; taxpayers (properly) claiming the credit before October 1 will receive a revised property tax bill reflecting the amount of the credit and, if they have paid their property tax already, reflecting the refund they are owed. However, if taxpayers file the credit request form by April 15, the amount of the credit will be reflected on the property tax bills sent out in July; no revisions will be needed.

The form to request the credit (available at 2026 Homeowners' Tax Credit Application) collects a great deal of income and expense information to calculate eligibility; most of the specific line items correspond with specific lines on the federal 1040 or items reported on federal information returns; some appear to be Maryland-specific. However, the categories are not identical; for instance, for purposes of calculating the taxpayer's income for the property tax credit, taxpayers must include all interest, whether or not subject to income taxation.

It appears that the April 15 and October 1 dates are meant to roughly correlate with federal income tax filing deadlines; presumably the intention is to ease the taxpayer's burden by making it as easy as possible to prepare the income tax and property tax forms at once, using duplicated information where possible. However, there is a fundamental difference between a property tax program that relies in part on income tax data, on the one hand, and an income tax credit that is paid through the property tax system, on the other. In particular, one of the major administrative challenges we discussed was that income tax and property tax have different taxpayers; Maryland sidesteps that problem by simply looking at property tax returns.

2. Montana

Montana administers its property tax at the county level; municipalities are not directly involved (although there is a municipal revenue sharing component).

Montana has several property tax relief programs. Only one—the Elderly Homeowner/Renter Credit—is structured as a refundable income tax credit. However, that program is administered by the state; claims are filed on the taxpayer's Montana 1040ME equivalent and the credit, if due, is paid as an income tax refund, very similarly to how Maine currently structures PTFC program. In short, it is structured very much like Maine's Property Tax Fairness Credit; it doesn't directly apply to property tax bills.

Montana's other existing property tax relief programs are part of the property tax code and administered in conjunction with property tax payments, but are not structured as refundable tax credits. There is a Property Tax Assistance Program (MCA 15-6-305), for low-income taxpayers, a Disabled Veterans Property Tax Relief program (15-6-311), and a Disabled First Responder Credit (15-6-314). All are income-based, and administered by the counties. All provide that eligible taxpayers able to demonstrate that they meet income and other requirements are entitled to a lower rate of tax on their residential property; thus for instance under the Disabled Veterans program, qualifying veterans who are single and have income of less than $45,803 (in 2025) are taxed at the rate of 0% on up to the first $418,000 in value of their primary residence; such individuals who have income between $45,804 and $50,384 are taxed at the rate of 20%, and so forth. The programs have different income limits, value limits and so forth, but structurally (a) would be unconstitutional under Maine's "fair value" clause and (b) are income-based, but otherwise not directly related to the state's income tax.

Finally, a bill introduced in the 2025 biennium, H.B. 0154, would have created a property tax credit with some features similar to the proposal at hand. That bill appears to have not gotten past the tax committee. I have been unable to find text of the proposed legislation or information about it on the Montana Legislature's website; what purports to be a fiscal note associated with the proposal, hosted on a press website, suggests Montana's revenue division identified a number of administrative concerns with the proposal, and found that implementing it would have required the creation of a new division with 12 full-time employees for the first two years, and 8 going forward. HB0154_1-fiscal-note.pdf . But of course without access to the text it's not clear how exactly it would have been administered or how Montana proposed to deal with the various coordination problems we have discussed.

I would be happy to Zoom into the Task Force meeting tomorrow at your convenience to discuss, if it might be helpful.

Best regards,

Dan Pittman

Progress & Poverty
INSTITUTE

Memo

To:	Maine Real Estate Property Tax Relief Task Force
From:	Stephen Hoskins, Progress and Poverty Institute ('Contractor')
Date:	10/20/26
Subject:	Using revenue-sharing to ease Service Center property tax burden

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Context:

In the Progress & Poverty Institute (PPI) report to the Task Force, members noted that service centers (as defined by MOCA) have a higher property tax burden than non-service centers (see page 24; pages 69-74).

Revenue-sharing is already intended to partially smooth-out property tax burdens across Maine's municipalities. Thus, Task Force members asked the following research questions regarding the extent to which revenue-sharing can help to ease the disproportionate property tax burden faced by service centers:

- *By how much would existing revenue-sharing programs have to be expanded in order to bring the property tax burden faced by service centers into parity with non-service centers?*
- *How could revenue-sharing be better-targeted to achieve this?*

As part of PPI's Phase 3 work on behalf of the Task Force, we have developed models which enable expansions of existing relief programs (like revenue-sharing) to be traced-through into reductions to municipal mill rates (as the additional revenue enables towns to provide the same level of services while raising less in property taxes). We have addressed the above research questions using those models.

Key Findings:

To achieve parity between average mill rates at primary and secondary service centers (SCs) and non-service centers (non-SCs) via REV-I it would require the program to be expanded to $1.7 *billion*, 8 times its current size. Achieving this via REV-II would cost $620m, a 12 times expansion.

These multiples are large because a significant portion of funds currently flow to non-SCs. This means that expansions to those programs lowers *both* SC and non-SC mill rates, creating a moving target.

Parity can be achieved more cost-effectively by creating a *new* revenue-sharing program (REV-III) explicitly targeted at service centers. Such a program could achieve parity with slightly less than $270 million in new relief, which is approximately equal to the existing size of REV-I and REV-II combined.

Further Details:

- **Measure**: For revenue-sharing purposes, mill rate = assessment ÷ state valuation (see here)
- **Context**: In TY2024 that mill rate averaged 9.23 mills across non-service centers (non-SCs) compared to 13.02 mills in primary and 12.16 mills in secondary service centers (roughly comparable to the differences in the ETR bars on page 26 here)
- **Target**: We model expanding each of the revenue-sharing programs, holding their distribution formula fixed, until the average mill rate for primary & secondary SCs reach parity with the non-SCs. Because REV-I & REV-II also distribute funds to non-SCs, so under those two parity is reached partly by pulling non-SC rates down as well.
- **Expanding REV-I** from its current $200m to $1.7 billion (an 8.5x increase) achieves parity at an average of 3.88 mills. Because REV-I distributes funds to every municipality, only 39% of funds reach primary & secondary SCs, meaning that a lot of money ends up reducing mill rates in non-SC towns.
- **Expanding REV-II** from $50m to $620m per year (a 12x increase), 58% of which reaches primary & secondary SCs, and reaches parity at an average of 7.99 mills. Better-targeted than REV-I because REV-II better-targets high mill rates, but still delivers funds to 285 non-SC municipalities.
- **Using a new REV-III**: The above two programs are a poorly-targeted way to specifically reduce mill rates in SCs, as much of their funds go towards non-SCs. We instead analyze an additional program (and call it REV-III) and design it specifically to share funds with the SCs. Using this mechanism, mill rates can be brought down to the target 9.23 mills by sharing $270m across 42 primary & secondary SCs. This is close to the exact size of REV-I and REV-II combined.