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An Act Regarding the Homestead Exemption as It Applies to Certain Housing Cooperatives

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

Sec. 1. 36 MRSA §685, sub-§2, as amended by PL 2005, c. 2, Pt. F, §4 and affected by §5, is further amended to read:

2. Entitlement to reimbursement by the State; calculation. A municipality that has approved homestead exemptions under this subchapter may recover from the State 50% of the taxes lost by reason of the exemptions upon proof in a form satisfactory to the bureau. The bureau shall reimburse the Unorganized Territory Education and Services Fund for 50% of taxes lost by reason of the exemption. In the case of an exemption for a housing cooperative corporation pursuant to section 683, if the property was part of a municipal tax increment financing district prior to the granting of the homestead exemption by the municipality and the municipality was obligated under a credit enhancement agreement relating to that district to make payments of the tax increment to a 3rd party, the municipality shall treat its recovery from the State under this section as part of the tax increment for purposes of the credit enhancement agreement and pay that recovery to the person or entity entitled to such tax increment financing payments in the same percentage as the payments of the tax increment in that district by the municipality.

SUMMARY

The homestead property tax exemption was amended in the Second Regular Session of the 122nd Legislature to extend the homestead exemption to a cooperative housing corporation. Certain cooperative housing corporations are in tax increment financing districts. That law had an inadvertent adverse effect on certain cooperative housing corporations in existing tax increment financing districts. This bill treats the State's 50% reimbursement of the taxes lost by reason of the exemptions as property tax for purposes of those tax increment financing districts.