

## Real Estate Property Tax Relief Task Force

Resolve 2025, chapter 108  
Thursday December 4, 2025 at 10 a.m.  
Room 127 (TAX Committee Room)  
State House, Augusta, ME

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### Agenda: Meeting #5

- 10:00 a.m.      Welcome  
*Chairs, Senator Nicole Grohoski & Representative Ann Matlack*
- 10:05 a.m.      Presentation of research and analysis as of December 1<sup>st</sup>  
*Progress and Poverty Institute – Stephen Hoskins & Greg Miller*

LUNCH (~12:15 p.m.)
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- 1:15 p.m.      Review and discussion of preliminary findings and recommendations  
*Task Force Members*

ADJOURN (~4:30 p.m.)
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**Real Estate Property Tax Relief Task Force**  
**DRAFT Preliminary Findings and Recommendations**  
 From Task Force Members and Individuals/Entities Presenting to the Task Force

**REVISED PRELIMINARY FINDINGS OF TASK FORCE MEMBERS**


1. Property taxes are the means municipalities use to generate revenue to pay for services mandated by Federal and State government with additional services towns desire. It is a budget that is fixed based on the cost of delivering these services. Property tax calculation of valuations creates the mil rate applied to all properties. Various programs exist to provide “fairness” or encourage desired uses of land.
2. Property taxes are an effective way to raise taxes for locally provided services since the properties impacted directly pay for those services and those services are approved locally (via budget votes), though they are affected by state policy.
- ~~3. Property taxes roughly align with the benefits that property owners receive from local services and are approved locally (via budget votes), though they are affected by state policy.~~
- ~~4. Property taxes are generally progressive taxes, a type of wealth tax. This progressivity can be amplified through exemptions.~~
5. The state is providing a significant amount of property tax relief, both direct and indirect, and has many programs designed to help different property taxpayer types. The Lincoln Institute of Land Policy noted that Maine already employs measure to provide residential property tax relief that are considered best practices, specifically: a circuit breaker program, a homestead exemption, and a property tax deferral program.<sup>1</sup>
6. Many taxpayers are struggling to pay property taxes, especially when there is a steep year-over-year increase, and for many, property taxes are increasing faster than wage growth.
7. Some older Mainers are struggling to keep their longtime homes as property taxes have risen much more than they had budgeted. This is forcing homeowners to sell their homes against their will or face foreclosure, in some cases.
8. The way property taxes are assessed may not be affordable for all citizens. For instance, an increase in assessed value for waterfront property may have a greater negative impact on an older Mainer that has lived in their home for decades and wishes to stay there as opposed to a property owner that recently purchased a home to renovate and resell in a short period of time.
9. Service center communities experience a disproportionate impact from increases in property taxes as they are responsible for providing services to more than just the residents within their municipal border these services increase their municipal budget.
10. According to the Lincoln Institute of Land Policy, "Maine relies heavily on the property tax to fund locally provided services. Local property taxes account for the majority of operating revenue for Maine's municipalities and K-12 schools."<sup>2</sup>
11. Property taxes are just one avenue used to raise money to pay for services.
12. *There are several types of either full or partial property tax exemptions in the state that promote certain policy goals that the state has deemed important (for example, the property tax exemption for charitable and benevolent property, or the various Current Use programs). The lost property tax revenue from these programs is sometimes partially reimbursed by the state and sometimes*



<sup>1</sup> See Lincoln Institute of Land Policy presentation dated October 24, 2025 available here: <https://legislature.maine.gov/doc/12063>

<sup>2</sup> See Lincoln Institute of Land Policy, Significant Features Database, Maine 2024 Current State Narrative, page 1.

*not reimbursed. Certain municipalities shoulder a disproportionate impact from these property tax exemption programs and in those municipalities that burden is borne by the municipality's other property taxpayers.*

-  13. *The fair market value of Maine homes, which is the base on which property taxes are assessed, has risen dramatically over the last five years, post-COVID – two to three times faster than the incomes of most Maine households. The median home sale price in Maine, according to data from the Maine Association of Realtors, rose from \$225,000 in 2019 to \$390,200 in 2024 – an increase of 73% in just 5 years. The MRS reported state property valuation, equalized to 100% values, rose from \$186 billion to \$311 billion, or by 67% over this period. By contrast, U.S. Census Bureau data indicate a 5-year increase in median household income in Maine from \$66,550 to \$90,730, or 36%. For those on Social Security, cost-of-living increase amounted to 25% over the last 5 years. The result of these misaligned growth trends is that many more, especially long-term homeowners, are living in homes with a fair market (taxable) value that is far higher than they could afford today, based on their incomes.*

#### Preliminary Findings - Data

14. In 2021, Maine had the highest property tax burden in the nation as measured by percentage of state personal income. Property taxes accounted for nearly 23 percent of all state and local revenue, which ranked third highest in the nation (table ME-1).<sup>3</sup>
15. In 2023, Maine ranked 20th in property taxes paid as a percentage of owner-occupied housing value (total real taxes paid/total home value).<sup>4</sup>
16. Maine has the highest percentage of total housing units that are vacant for seasonal, recreational, or occasional use of any state (14.4%).<sup>5</sup>

<sup>3</sup> See Lincoln Institute of Land Policy, Significant Features Database, Maine 2024 Current State Narrative, page 2.

<sup>4</sup> See National Conference of State Legislatures presentation dated October 24, 2025, available here: <https://legislature.maine.gov/doc/12063>

<sup>5</sup> See Maine Revenue Services presentation dated September 12, 2025, available here: <https://legislature.maine.gov/doc/12044>

## DRAFT PRELIMINARY RECOMMENDATIONS FOR DISCUSSION<sup>6</sup>

Items **highlighted in yellow** were flagged by members as more immediate recommendations the task force could make. New recommendations or recommendation elements are labeled and in italics

### Work of the Task Force

- The Task Force will need to be authorized for additional meetings in 2026 to review the contractor's data analysis and assess different solution scenarios. (N. Grohoski)

### I. Property Tax Municipal Administration and Process

- a. **Monthly Property Tax Payments** (N. Grohoski) (N. Cloutier) (V. Caliendo) (Also recommended by Ron Rakow, Lincoln Institute of Land Policy)
  - *Monthly property tax payments, without penalty or fees, except for late payments.*
- b. **Increased Information and Communications About Existing Property Tax Relief Programs** (M. Peters) (N. Grohoski) (N. Cloutier)
- c. **More Consistent and Frequent (mandated frequency?) Property Tax Assessments & Revaluations** (N. Grohoski) (M. Peters) (V. Caliendo) (N. Cloutier) (Also recommended by Ron Rakow, Lincoln Institute of Land Policy)
- d. **Tiered Mill Rates for Different Classes of Property** (N. Cloutier)
- e. **Transparency:** Create a standard that requires municipalities to always provide a trailing 5-year budget on the voting ballots that details the components of the budget that provide a recap of their \$ and % increase year over year. Separate by service type and further separation of the school budgets into departments. Including costs mandated Federally, by the State and then requested by the town. (V. Caliendo)
- f. ***Fund municipalities to insert information about real estate property tax relief programs in property tax bill mailings.*** (N. Grohoski)



<sup>6</sup> Includes suggestions from individuals and entities that provided presentations to the Task Force.

## II. Changes to Existing Property Tax/Relief Programs

- a. **Expand Property Tax Deferral Program** – increase income limit and index to median income changes. (M. Peters) (N. Cloutier) *Collect/review data to consider changes to deferral program eligibility.*

### Actions to not take / proposals that do not warrant additional investigation:

- Eliminate property taxes altogether (N. Cloutier) (N. Grohoski)

- b. **Expand /Reform Homestead Exemption** (M. Peters) (N. Cloutier) (V. Caliendo)
- Allow municipalities the option to use all of the exemption or as much as they want since one amount might work for one municipality and not another since the proportion of the exemption as compared to median property value will differ. Index the amount so that it can be updated every 3 – 5 years, either to changes in median income or median sales price. (M. Peters)
  - Step up the homestead exemption for homeowners ~~and businesses~~. 1 – 10 years x% reduction, then step up the exemption 11 – 20 years, 21 – 30 years and perhaps cap it at 30 years (V. Caliendo)
  - **Expand homestead exemption for individuals who have been at the location for 10 years, subject to means test, with a 100% reimbursement to municipalities** (Recommendation source: Lewis Cousins, City Assessor Presque Isle)

- c. **Expand Property Tax Fairness Credit** (f/k/a “Circuit Breaker”) (N. Cloutier) (V. Caliendo)
- Expand PTFC to \$2,500 for taxpayer under 65 years of age and \$3,000 for those aged 65 and older, beginning January 1, 2027.*
  - Include any and all low-income individuals, regardless of age.*

- d. **Revise BETE and BETR** to more effectively encourage new capital investment in Maine (N. Cloutier)

- e. **Restrict Tree Growth Program** – limit to outside of 500’ of waterfront (source: Lewis Cousins)

- f. **Consider PTFC homeowner benefit with interest transmitted by MRS to municipality to offset next property tax bill, rather than as income tax refund.** *Would need provision to get refund to taxpayer if no longer living at the home.* (N. Grohoski)

- g. **Limit property tax liability to no more than 10% of income and provide relief to Maine residents with a burden exceeding 6% of their income, regardless of property value.** *The modernized program will be 100% fully reimbursed to municipalities and can be calibrated to return to municipalities the identical amount that the state allocates to these tax relief and municipal support programs now. (Homestead Exemption, Property Tax Fairness Credit, Property Tax Deferral, and Municipal Revenue Sharing programs)* (D. Woodbury)

- The homeowner would be responsible for the first 6% of income in property taxes.*
- The state would pre-pay to the municipality 50% of the amount of property taxes paid between 6 and 10% of the prior year’s income.*
- The state would pre-pay to the municipality 80% of the amount of property taxes paid between 10 and 20% of the prior year’s income.*
- The state would pre-pay to the municipality 100% of the amount of property taxes paid above 20% of the prior year’s income.*

*The total prospective pre-payment to the municipality would be made up of two parts — the portion applicable to property valuations up to the statewide median (a direct grant) and the portion applicable to property valuations in excess of the statewide median (an optional loan). The taxpayer could choose a pre-payment with or without the loan component.*

### III. Municipal Funding/Support

- a. Increase fees/payments in statute for municipally-provided state services; work with MMA to determine approximate cost to a municipality to administer each task type, and then index to inflation. (N. Grohoski)
- b. Improve required state level training for councils and other volunteer positions. (M. Peters)
- c. **Increase revenue sharing** or percentage of education or county expenses paid by State (N. Cloutier)
- d. State to ensure adequate funding before imposing new mandates (N. Cloutier)
- e. Provide more State support to municipalities so they continue to provide the highest quality service at the lowest cost to residents. (M. Peters)
- f. Encourage continued regional (County or Council of Governments) or state-wide partnerships to reduce municipal costs. (M. Peters)
- g. Improve citizen involvement and engagement at the municipal level so that residents are confident that their municipal tax dollars are being spent wisely. Could consider supporting alternative programs like participatory budgeting. (M. Peters)

### IV. Property and Other Taxes/Fees

- a. **Payments for tax exempt property**
  - Service charges in-lieu of property taxes on tax-exempt entities (N. Cloutier)
  - **State should pay PILOTs for state properties (N. Grohoski)**
  - Any non-profit or land-use exemptions should have a formula that balances the economic benefit (paychecks created) to justify why the non-profit is exempt from property taxes. (V. Caliendo)
- b. **Establish new surcharges/taxes**
  - Seasonal residential property surcharge (N. Cloutier)
  - Non-owner-occupied property surcharge (dubbed “Taylor Swift Tax” in RI) (N. Cloutier)
  - Identify real estate investment groups buying homes for rentals as they should pay more taxes and not pass it to the renters; if primary residence; but can pass on to short term renters. (V. Caliendo)
  - To offset the fiscal note at the state level produced by increasing the homestead exemption, consider a “Taylor Swift” tax on homes over a certain amount. Index this amount as a multiple of median income that resets ever 3-5 years. (M. Peters)

## V. Establish/Reform Other Taxes/Fees

- a. Residential vacancy impact fee (N. Cloutier)
- b. Establish tourism resilience fee (N. Cloutier)
- c. Higher income taxes on top earners | Phase out lower income tax brackets as earnings increase (N. Cloutier)
- d. Raise real estate transfer tax on higher priced homes (dubbed the “Mansion Tax”) – takes effect 11/1/25 (N. Cloutier)
- e. Allow municipalities to impose local Option Sales Tax (N. Cloutier)
- f. Close business tax loopholes | Clamp down on tax avoidance (N. Cloutier)

### Actions to not take / proposals that do not warrant additional investigation:

- Caps on assessments or tax growth (e.g. the repealed senior property tax freeze) (N. Grohoski) (source: Ron Rakow, Lincoln Institute of Land Policy)

## VI. Population or Location-specific Recommendations/Considerations

### a. Seniors

- Encourage/Incentivize local senior income-based property tax assistance programs (i.e., percentage reimbursement or allowable use of TIF funds) (N. Cloutier)
- Perhaps restructure the tax on older adults. Should they continue to participate in paying the same tax for school budgets as the younger population? (E. Gardner)
- Freezing property tax burden on elderly as a % of their income. (V. Caliendo)

### Actions to not take / proposals that do not warrant additional investigation:

- Senior Citizen Tax Work Off Program (N. Cloutier)
- Property Tax Stabilization Program (N. Cloutier)
- Elimination of Property Taxes for Seniors (N. Cloutier)

### b. Long-time homeowners

- Look at the assessment process. Property owners that have owned their home for a long time should maybe be given a break. They have invested in their communities by way of taxes, say for twenty-five years or so but do they benefit now from their investment? (E. Gardner)

### c. Service Centers

- So-called “service centers” tend to have a disproportionate portion of their property tax base listed in the non-taxable category due to ownership by charitable entities, schools, hospitals, other government entities. Is there a better way to share the burden of hosting non-taxable property while at the same time continuing to support our important charitable and non-profit entities? (C. Lear)

### d. Landlords

- Do not allow a town to implement rent control (Portland) and then increase their property taxes more than rent control. The best option is to let the free market decide prices. But if towns are allowed to vote on rent control options, then the same cap should be on the owner’s property tax. (V. Caliendo)

### e. Miscellaneous

- Modify the corporate annual report filing to include names of shareholders or members who are not “natural persons”. (V. Caliendo)

## VII. Additional Areas of Study/Discussion

### *Current Use and Exemption Programs*

- a. Review and reform to current use programs to reduce misuse or extent of negative impact on municipal tax bases (N. Cloutier)
- b. Further look into what is working and not working regarding current property tax relief efforts. Do the relief policies need adjustments and/or require more funding? How do renters fare? (N. Grohoski)
- c. Are there any existing property tax exemptions that are inefficient to administer? Those that provide minimal value as compared to the amount of time needed to spend by the State or municipality. (M. Peters)
- d. Consider exemptions and TIFs - how are these shifting the burden within and between communities? (N. Grohoski)
- e. Reexamine what is a fair balance of exemptions (or other relief) between the property classes (N. Cloutier)

### *Property Tax Process*

- f. Learn more about how property taxpayers can review the data informing their assessments and the appeals process. (N. Grohoski)

### *Property Tax Payers*

- g. How do we measure the property tax burden for owners and renters, i.e., who can truly not afford property taxes (the total cost and/or larger percent increases) as compared to taxpayers who find property taxes unpleasant but can afford them? (N. Grohoski)
- h. Second home owner data: who are the owners? What types of properties? Are they being used for commercial purposes? (N. Grohoski)
- i. Need more info on service centers - how does the property tax burden in these communities differ from others? (N. Grohoski)
- j. Investigate other states to see if they have solutions to the unbalance of taxes and citizens. (E. Gardner)

### *Property Tax Drivers - Municipal Costs & Changes in Property Values*

- k. Discuss whether the constitution should be amended to allow for the taxation of those two different classes of property [residential and commercial property] differently. In which case, it may be prudent to get a better understanding of the drivers of municipal services – and whether commercial properties are disproportionately burdening municipal budgets with their demands on those services (or not) which could lead to a recommendation for a constitutional amendment. (C. Lear)
- l. Are the collected taxes used by the State, county, and local towns being used to the benefit of the actual taxpayers? (E. Gardner)
- m. We need to understand the information provided by Amanda Campbell, [Maine Municipal Association] the cause of rising municipal budgets. Break out Fire, Police, Emergency, other and Education, where education is further broken into budget components that require special needs students as recent regulatory mandates are unclear and, in some townships, may be the fastest growing part of their budget.

We should consider requesting Senator's King and Collins address the vague Federal requirements for special needs children. (V. Caliendo)

- n. School funding is the largest component of municipal budgets and therefore is a significant driver of property tax rates. The Committee should discuss whether, as a policy matter, property taxes are the best revenue stream to fund education. (C. Lear)



*Inquire with EDU/MEPRI if they are looking at other funding sources for education, or just how the current funds are allocated. (N. Grohoski)*

- o. Evaluate the required positions or other things that the State requires municipalities to do to see if those items are most effective to be administered at the municipal level or if the administration cost is higher than the public value or revenue collected. (M. Peters)
- p. Further consider the role of counties in providing regional services. (N. Grohoski)
- q. Combining municipal services should be a long-haul outlook that is mandatory. E.g., Consolidating schools, fire departments, sharing police and ambulatory services should be required based on natural attrition. (V. Caliendo)
- r. It seems like an inflection point is nearing relative to the state vs. local funding of County jail operations and the unfunded mandates that are placed on the counties relative to how those jails are operated. I think this is outside of the scope for this Task Force and likely requires a public safety and corrections focused group of stakeholders to lead. (C. Lear)
- s. Consider other revenue sources for municipalities, especially those that are utilized in other states. (N. Grohoski)
- t. Commercial and residential property tax trends - are these trends the same elsewhere, and are they shifting the farther we are from the COVID shutdown or do they appear to be the new norm? (N. Grohoski)
- u. The property tax challenge is simple: if the costs to deliver services rises faster than the economic growth (rising household paychecks), then any solution(s) will be temporary, and the problem will persist indefinitely. The real problem is creating economic growth that outpaces the inflationary costs to deliver the services and the cost management of the services. (V. Caliendo)
- v. Finding solutions in the short term that favor Maine residents and Maine businesses that provide paychecks. Whether or not the Maine business is solely operating in Maine, or Maine is just one of their locations, these businesses provide paychecks that drive the entire economy. (V. Caliendo)
- w. Attracting business to Maine that would be in balance with the natural beauty of the state is most desirable. (V. Caliendo)
- x. The quantity and quality of paychecks must increase; we need more businesses that manufacture and export and more research and science. We must attract more growth in high wage-earning sectors. Also consider enticing our colleges to provide curriculum correlated to better paying jobs and penalize those that do not. Let's partner business/industry needs with educational enrollment and curriculum. (V. Caliendo)
- y. In addition to conducting research and drafting preliminary recommendations for the legislature to consider, public hearings should be held in 2026 so we can engage with residents, businesses, and local

officials to gain an understanding of the concerns and potential impacts of proposed changes. (N. Cloutier)

## **VIII. Specific Task Force Questions**

*Does the Task Force wish to make recommendations related to these topics at this time?*

- Accountability measures for municipalities, including but not limited to, reporting requirements, financial requirements, financial incentives and disincentives (4.C.)
- Whether a dedicated revenue stream should be created for this purpose and how it could be structured. (7.C.)

**Laxon, Lindsay**

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**From:** Sam Purinton <mr.spurinton@gmail.com>  
**Sent:** Friday, November 21, 2025 9:56 AM  
**To:** RE Property Tax Relief Task Force  
**Subject:** We already have a property tax deferral for retirees!

**This message originates from outside the Maine Legislature.**

Hi all,

In the Nov 13th meeting, the members spoke strongly about the importance of creating relief for retirees. I wanted to emphasize that we already have a property tax deferral program that will pay for your property taxes if you are 65 and older and makes the town whole (with interest) when the property changes hands. This is a program that gives relief that's needed without distorting the tax base in the long term.

I just talked to 500 people for a town council campaign, and nearly no one was aware of the property tax deferral. It seems obvious that the task force's energy would be best used to create awareness for this program that already exists.

Also, there was a mention that the meeting materials are posted online, and was wondering where I can find them.

Thank you for your work,  
Sam





**To:** Senator Nicole Grohoski, Representative Ann Matlack,  
*and all members and staff of*  
The Real Estate Property Tax Relief Task Force

**From:** The Urbanist Coalition of Portland

**Subject:** General and specific suggestions for making taxes better instead of worse

**Date:** November 24, 2025

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First, we extend our thanks for the work you've done and are doing to understand the complex status quo of property taxes in Maine, their benefits as a vehicle for public financing, the problems they're causing, and possible ways of mitigating those problems. Second, we're writing in opposition to proposals to reduce property tax burden on any specific population at the expense of other demographics, for example by shifting tax burden from older property owners to younger ones or shifting tax burden from residential to commercial. Third, we want to bring your attention back to the idea of split-rate taxation as proposed in LD 1464 (An Act to Provide for an Alternative Municipal Property Tax Assessment Rate), which would allow towns to make their tax systems more progressive and less economically deleterious.

We members of the Urbanist Coalition of Portland are interested in property taxes in Maine and Maine's towns. Both the revenue and the incentives created by property taxes affect our goals: to solve the housing crisis, to make Portland a more walkable and vibrant city, and to lower our property tax burden by getting the most out of our public infrastructure. We appreciate that other goals may be appropriate for other regions, but we're unaware of any region where people are disinterested in improving their tax system. Fundamentally, there are four ways to mitigate the tax burden on a population:

1. Spend less money on public goods, services, and management.
2. Make people wealthier in general.
3. Shift the burden to someone else.
4. Dilute the burden across a larger population.

The first two are only indirectly related to property taxes; we mention them for completeness and context. We should always be striving to get the most out of our public spending and increase our prosperity. If there was an easy way to get the same level of public services for much less cost or improve Maine's economy overnight we certainly would have done so already.

Several bills were considered in the previous session that would have attempted the third method, including by shielding older homeowners from property taxes at the expense of younger homeowners and their own local economies. Property taxes are one of the hardships facing older Mainers but older Mainers are not facing these costs alone, and neither municipal budget shortfalls, the current housing crisis, nor anyone's personal finances should be imagined as independent of the local economy. We are in a housing and affordability crisis that is impacting nearly every demographic in the state and we need a solution that doesn't leave anyone behind. These proposed policies would raise the mill rate on surrounding new construction, disincentivizing new housing. We hope that, having already considered this subject for several months (and for many of you, much longer), your report will share our conclusion that this kind of *targeted shifting* of tax burden is rarely fair and rarely strategic.

**Attempting to shield any particular demographic from the burden of property taxes is worse than a zero-sum change. In addition to foisting the costs onto everyone else, it will negatively affect the local economy, making property taxes more onerous for everyone.**

Diluting tax burden is a subtly different solution. In short, the per-capita cost of similar public goods and services often goes down when the same public services can serve more people. Many local services have costs that don't grow as quickly as the population. For example, running a sewer line is expensive, but running a sewer line with twice the capacity isn't twice as expensive. We're a Portland-based organization, and one of our goals is to have more people living here. Housing is at a premium everywhere in Maine, and in many places the shortage is quite dire. This is a problem for homeowners (and everyone else) in Portland because the cost of running our city is rising and new neighbors who might share that cost with us have nowhere to live. Zoning and building codes in Portland and Maine have been improving, but our tax systems are still working against housing creation. The specific problem is that new housing and all other kinds of development are immediate tax liabilities. In April of this year we spoke before the Joint Standing Committee on Taxation in favor of a split-rate taxation mechanism that would have allowed towns to shift the burden of property taxes away from homes and buildings in general and focused it on land area and land value (LD 1464). Policies like split-rate property taxes, land-value tax, or a universal building exemption may not be appropriate for all municipalities, but they are within scope for the Real Estate Property Tax Relief Task Force and they can help ensure that Mainers in coming years are able to shoulder the costs of functional city governments.

**Urban development of any kind, but especially housing development, is property tax relief. Furthermore, some forms of property tax relief can help us address the housing crisis, and others cannot.**

At present, everywhere in Maine today, both the value of land (its location and area) and the value of the buildings (and built landscapes and other man-made fixtures) on that land are taxed at the same rate. Land is unusual among things that people own because the supply basically doesn't change; therefore there's no *deadweight loss*. Deadweight loss is the (missing) value of things that don't get built because of the taxes that would be imposed on them. Buildings, including the houses we live in, are like most forms of property: the taxes levied on them do induce deadweight loss. Taxing buildings makes them more expensive to own, so people build less of them than they otherwise would. Shifting some of this burden from buildings to land, similar to what BETE does but for *all* buildings and other built improvements, would relieve this weight on the housing market. (Since the supply of land is static, it can support the weight without distorting the market.) The amount taxpayers in a given town would pay would not change, but they would no longer be taxed more for building new homes.

A universal (but likely partial) building exemption would be one way of implementing this shift. Another, as proposed in LD 1464, would be split-rate taxation, in which a town can adjust the ratio between separate mill rates applied to land and buildings. At a policy level these are both fine options; we offer no opinion about

which might be more expedient. The use and effects of split rate tax policies have been studied in the real world in America, see Zhou Yang's "*The Effects of the Two-Rate Property Tax: What Can We Learn from the Pennsylvania Experience?*" (Lincoln Institute of Land Policy Working Paper WP14ZY1, 2014).

**In 1980, Pittsburgh shifted to a 5:1 split rate property tax. In the following twenty years, while other rust-belt cities were struggling, Pittsburgh saw large increases in construction permits and new houses being built.**

Discussion of these options in Maine so far has focused on whether they're consistent with the *just value* cause of our constitution, Art. IX, §8: "*All taxes upon real estate ... shall be apportioned and assessed equally according to the just value thereof.*" This provides Mainers with a necessary protection from being unfairly singled out for taxation. Programs like BETE and the homestead exemption program show that it is not necessary to tax all forms of property the same way, as long as the policy is applied to all properties equally.

**We do not believe that the just value clause precludes a universal building exemption or a split-rate tax policy where the split is between fundamentally different kinds of property.**

From an administrative perspective, split-rate property taxes induce virtually no complexity at all. Property values are already frequently assessed as a sum of land value and built value; in Portland, it explicitly appears as such on our tax bills. The change from  $[\text{mill} \times (\text{land} + \text{buildings})]$  to  $[(\text{mill}_L \times \text{land}) + (\text{mill}_B \times \text{buildings})]$  doesn't involve additional data collection or management.

We hope that the Real Estate Property Tax Relief Task Force will specifically and closely consider this option for improving property tax systems in Maine. In particular, you can recommend enabling legislation that will provide a clear legal framework within which towns can implement these policies. Public comment on LD 1464 from back in May of this year is still relevant (except that some of the discussion that day erroneously grouped LD 1464 together with the kinds of demographic shielding we discussed earlier in this letter). We appreciate that you have only two more meetings scheduled before submitting your interim report, and that these kinds of policies have not been the subject of your work so far, but we encourage you to include them in your discussion. We would be able and glad to attend your meetings December 4<sup>th</sup> or 16<sup>th</sup> or next year if you would like us to speak on this subject at greater length.

Thank you again for the work you are doing to help Mainers manage and afford the costs of modern society.

—— Mako Bates

*and peers at*

The Urbanist Coalition of Portland

[www.urbanistportland.me](http://www.urbanistportland.me)

[contact@urbanistportland.me](mailto:contact@urbanistportland.me) — [makobates@pm.me](mailto:makobates@pm.me)



**Laxon, Lindsay**

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**From:** Glenace Breton <glenace@breton.us>  
**Sent:** Tuesday, December 2, 2025 6:16 PM  
**To:** RE Property Tax Relief Task Force  
**Subject:** Fwd: Property taxes

**This message originates from outside the Maine Legislature.**

Sent from my iPhone

**ATTN: Real Estate Property Tax Relief Task Force**

To Whom It May Concern,

My name is Glenace Breton and I share ownership of my parent's home on Beals Island, Maine. I am compelled to write today as the alarming increase in property taxes in our small community has been so overwhelming that some residents are selling their homes. Beals is a small fishing village, and most folks are commercial fishermen of some flavor or making a living related to the sea. Many are also working in a businesses that support these livelihoods.

With the current State funding distribution to towns to help support their schools, Maine's small communities are left out in the cold, and it's getting colder. As a matter of fact, unless the school funding formula is revised such that Maine's small towns get the funding assistance they need, our schools will close and generational residents will be taxed to the point of unsustainability, partly because every time an "out-of-stater" purchases a property in our small coastal towns for a huge price that no one in our small towns could begin to afford, our property taxes go up. Not to mention the funding mess that Washington County is in that is sure to fall on the backs of Washington County taxpayers. There is no relief in sight. Some residents of Beals are already putting their homes on the market due to extremely high town taxes they have to pay. The vast majority of native Beals islanders are NOT wealthy and cannot continue to pay taxes that increase substantially every year. Why does Portland, Brunswick, and other cities like it receive the bulk of help for their schools, while Maine's small towns are just struggling to survive the increasing tax burden, combined with increased costs of everything else they and their children need? These cities have many more people, and many more wealthy

people, who can afford a bit of a tax increase to fund their schools, especially when compared to Maine's small struggling towns.

The school funding formula is broken and needs to be changed. Changes need to be made so taxes for residents in Maine's small towns need to decrease for a change, not hugely increase every year. If these needed changes are not made very soon, Maine's coastal towns, as well as other small towns, will no longer be fishing villages. They will be resort towns with most property owned by out-of-staters. Maine's people will suffer, Maine's fishing industries will greatly suffer. Is this what the State Government wants and thinks is best for Maine?

It won't be long before it's too late. Please do something before it's too late and Maine is forever changed, time honored vocations and it's local people gone forever.

Thank you, we are depending on your help!

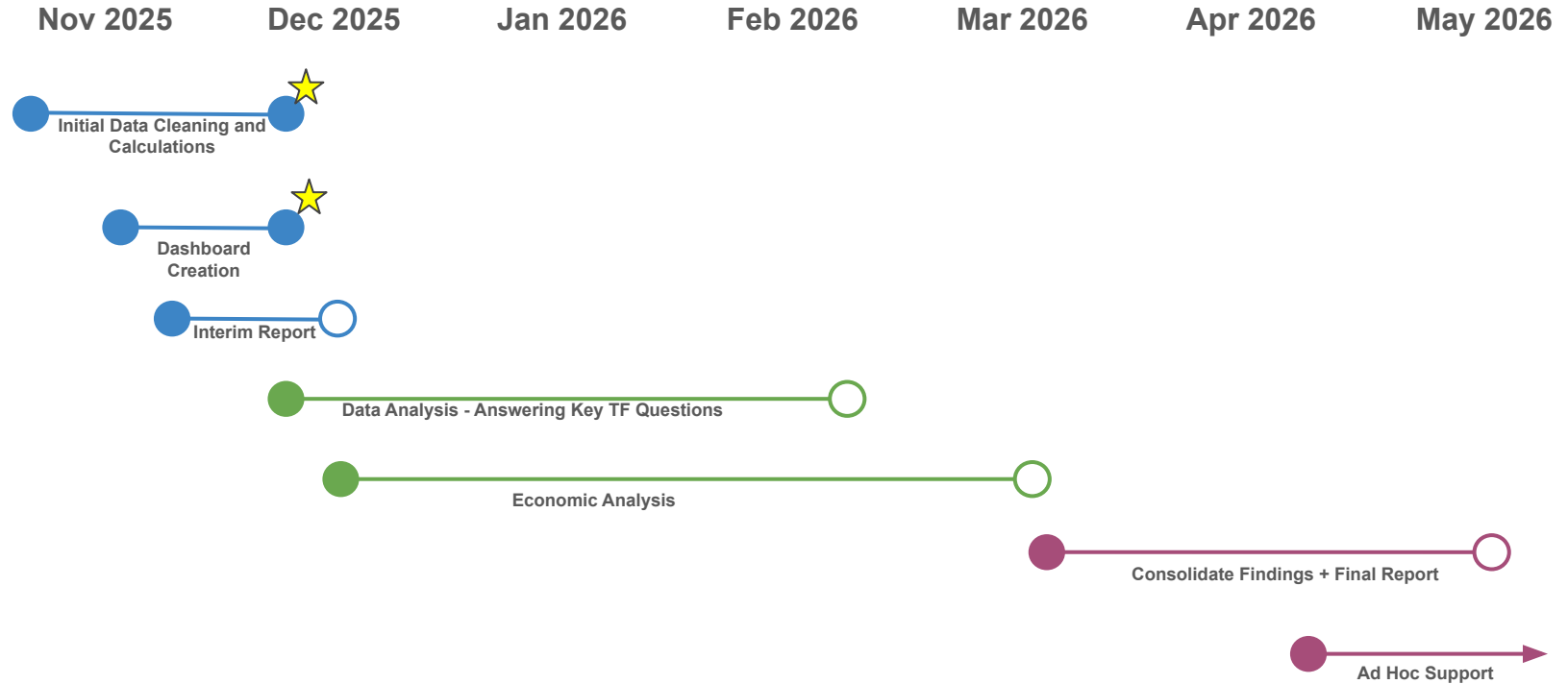
Glenace Breton

Home owner, Beals Island

# Maine Real Estate Property Tax Task Force

*Presentation before the Task Force, 12/04/25  
Augusta, Maine*

# How did we get here?



# Today's Presentation

## Data Hat

- Dashboard Demo
- Data Coverage / Limitations
- Data Policy Recommendations
- Summary Stats

## Analyst Hat

- Preliminary Analysis (of Task Force interest areas)

## Economist Hat

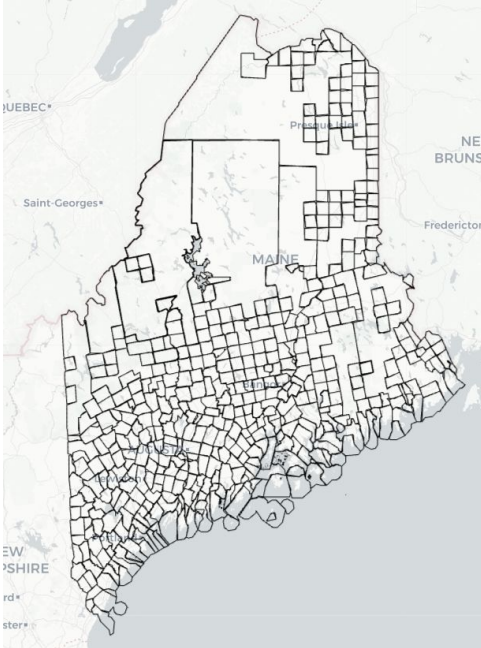
- Property Tax Policy Commentary

**We want feedback and guidance.**

# Data Dashboard Demo

# **Data Coverage and Limitations**

# We report information at the State, County, and Municipality level.



- 484 municipalities
- Unincorporated territories grouped by County
- Muni classification scheme
  - City
  - Service Centers
  - Small Towns
  - Plantation
  - Unincorporated Territory

# We have good data coverage, though limited on parcel-level variables.

## MVR Variables

### 100% Coverage

- Millage Rates
- Nontaxable Property
- Homestead Exemptions
- Valuation Practices
- Average Tax Bill
- Tax Relief Programs

## Census Variables

### 100% Coverage

- Population
- Median Household Income
- Median House Price

## Parcel-Level Variables

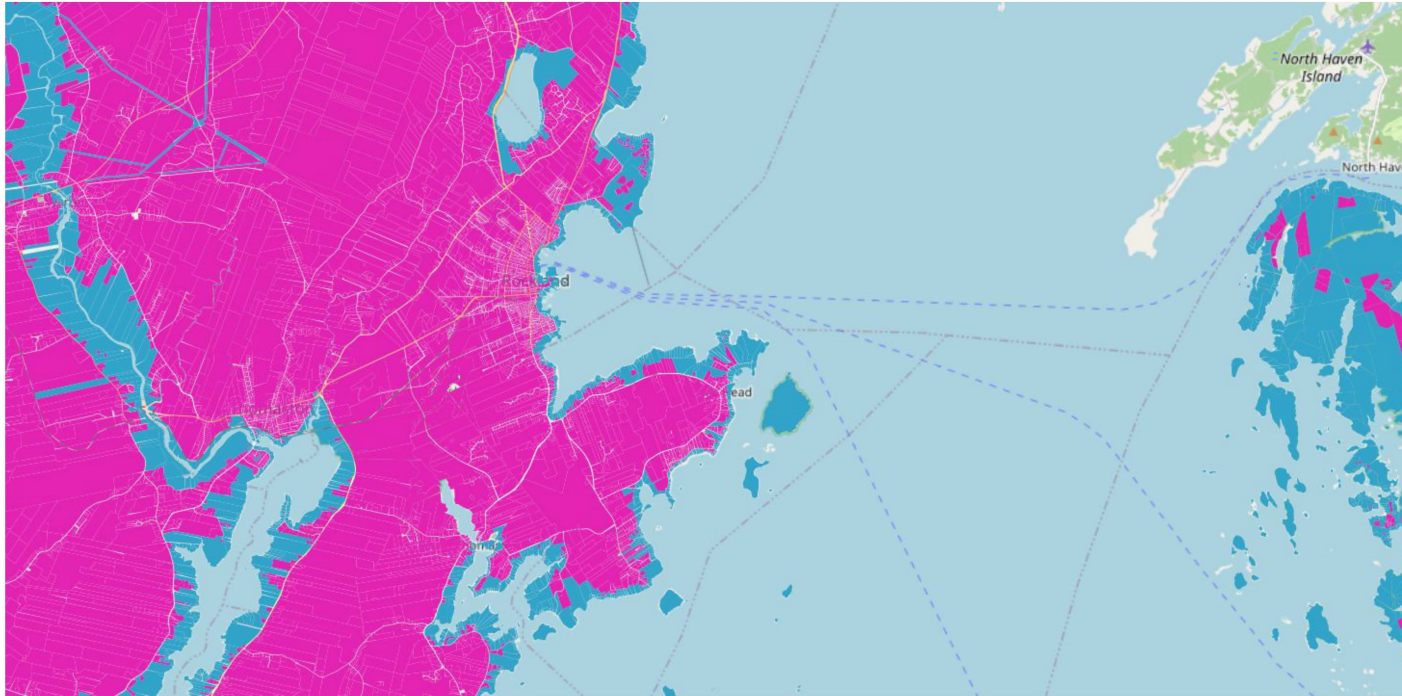
### Varying Coverage

- **Parcel shapes:**  
~80% muni, ~90% pop coverage
  - Waterfront Enrichment
- **Parcel category and value:**  
~5% muni, ~25% pop coverage
  - Property category percentages and median values
  - Waterfront value differences
  - Property tax per square foot
  - USPS Vacancy

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Tax Bill Per Capita  
% of Income Spent on Property Taxes

# Waterfront Properties



# Coverage - Next Steps

- Enrichment of parcel level data for missing municipalities
  - Tax commitment books as spreadsheets
  - GIS parcel features
- Strategy
  - Outreach to municipalities
  - Facilitated by MMA

# Recommendations for Sustained Data Coverage

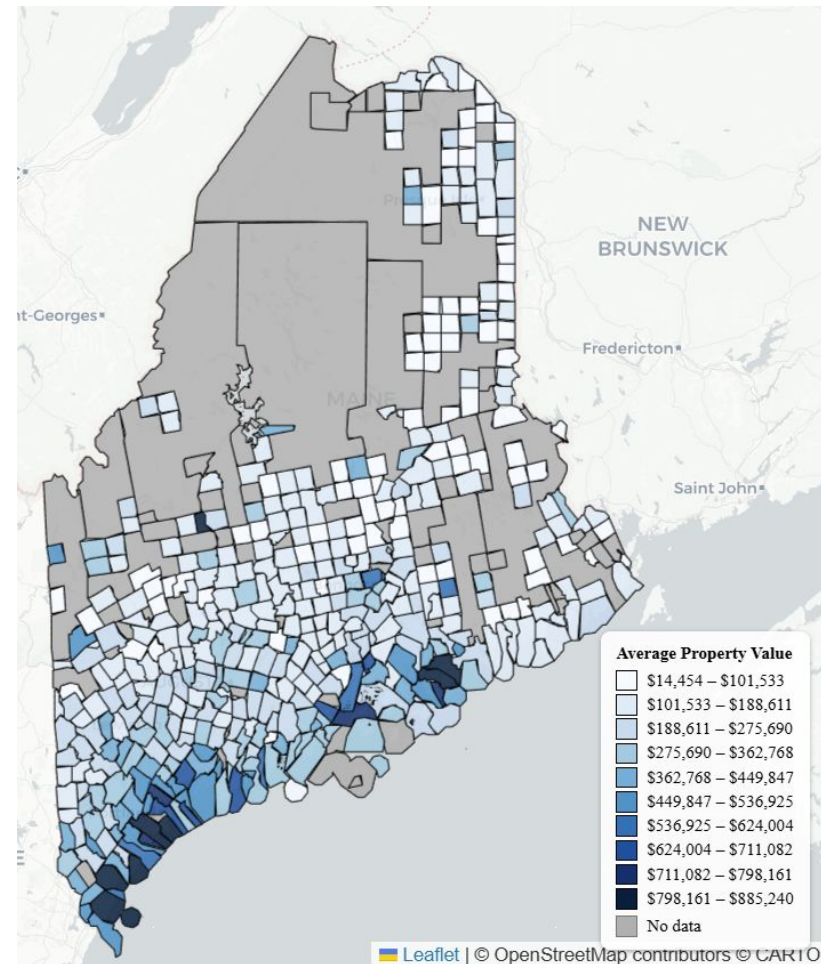
- Collect GIS and assessment records at the state level
  - 60% of municipal population is covered by GIS assessment records according to MVR
- Encourage municipalities to maintain digitized parcel maps
  - Supported via GeoLib grants
- Standardized classification system for property types
  - Modify MVRs to separate property categories (residential, commercial, vacant, etc.)
- Publication of tax commitment books as spreadsheets

# Summary Statistics

# Average Property Value

**Maine:** \$326,010

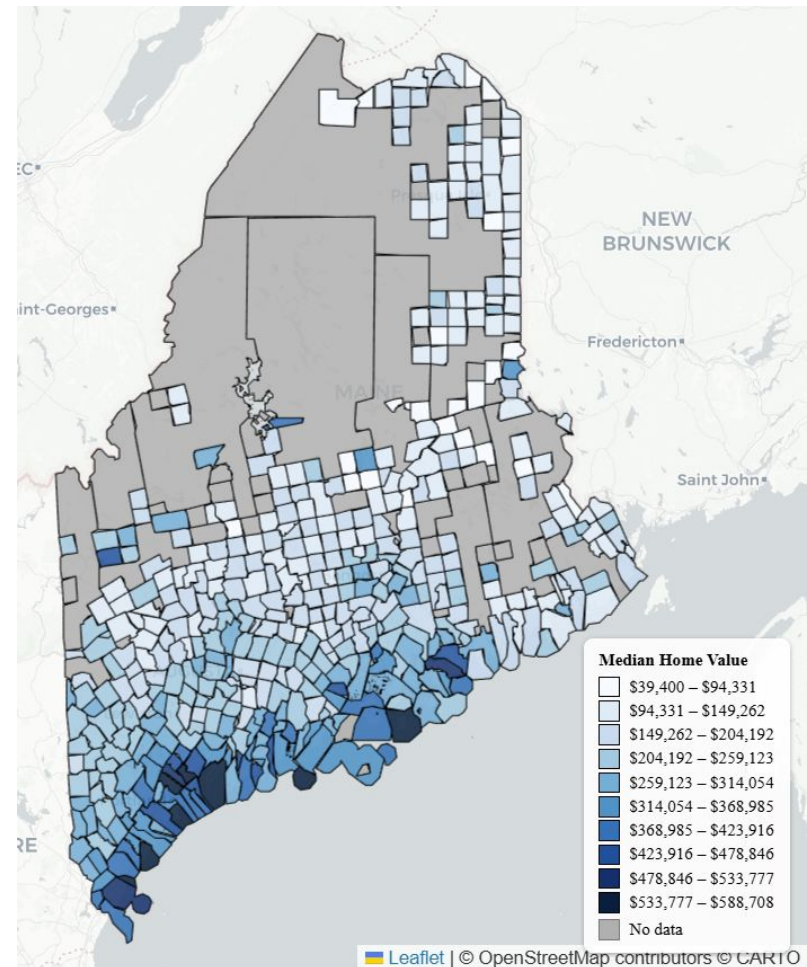
- **Summary:** Across all land parcels in that area, what was the average property value in 2024?
- **Measure:** \$ Total Taxable Value / # Land Parcels
- **Coverage:** 94% pop
- **Caveats:**
  - Combines all property types
  - Land parcels rather than tax accounts



# Median Home Value

**Maine:** \$244,800

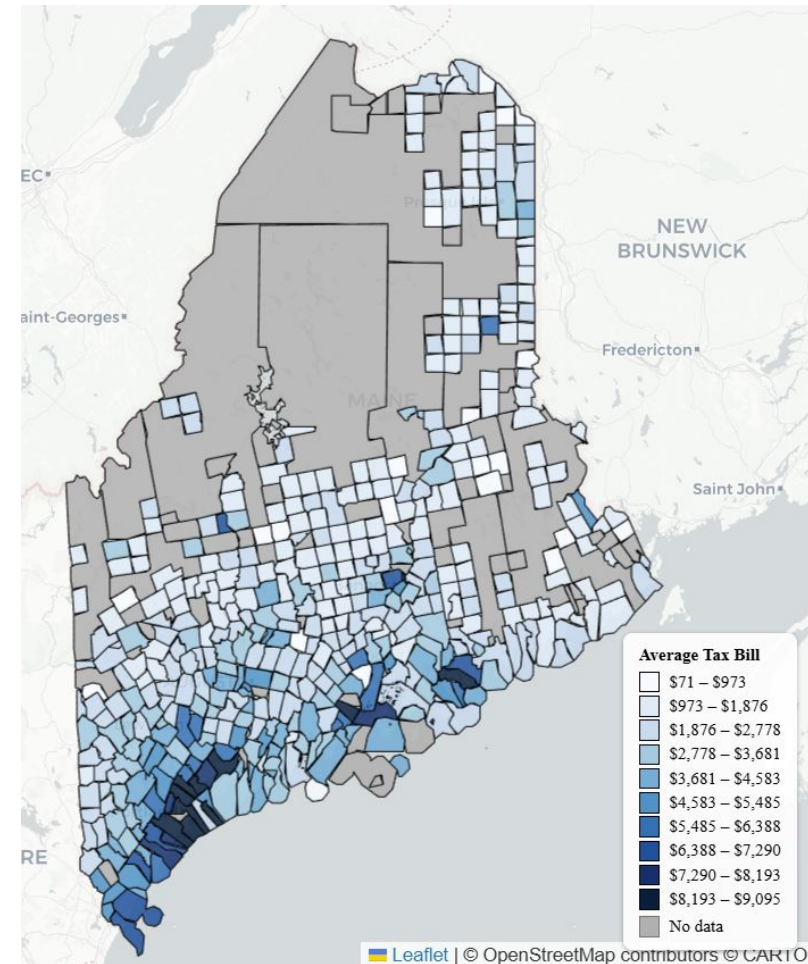
- **Summary:** Median home value in 2022 according to ACS 5-year estimates
- **Measure:** B25077\_001E: Median Value (Dollars) of owner-occupied housing units
- **Coverage:** 99% pop



# Average Tax Bill

**Maine: \$4,003**

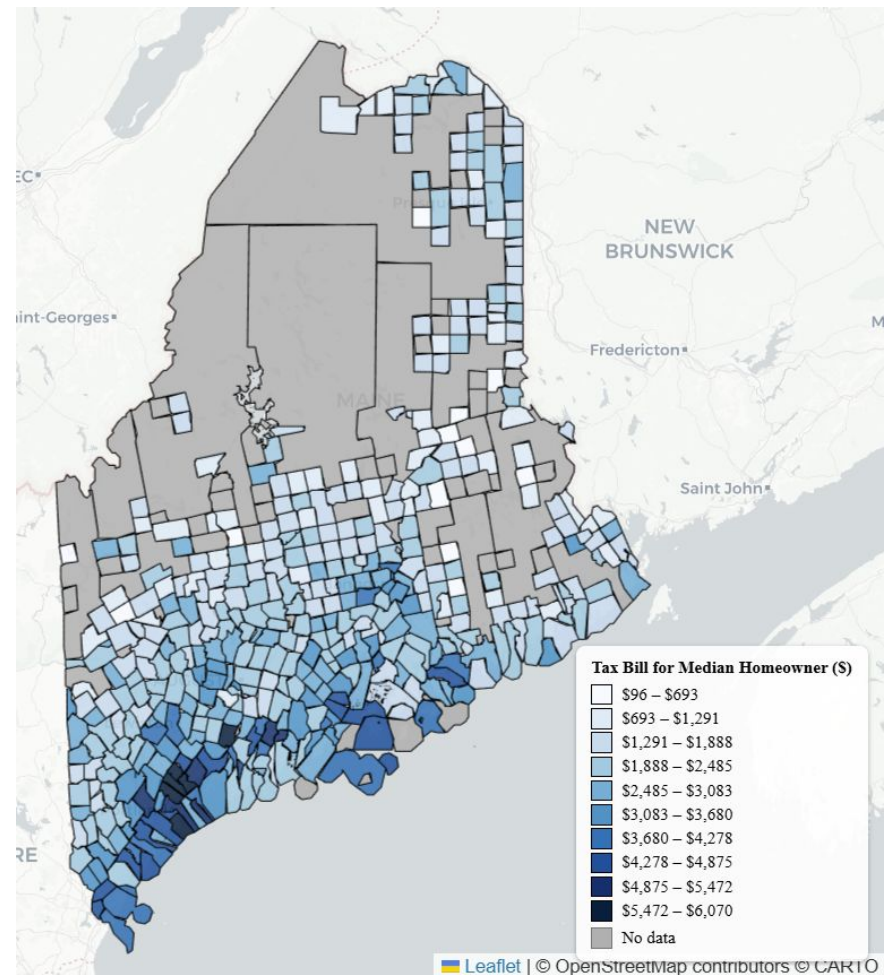
- **Summary:** Across all land parcels in that area, what was the average amount of tax paid in 2024?
- **Measure:** \$ Total Commitment / # Land Parcels
- **Coverage:** 94% population
- **Caveats:**
  - Combines all property types
  - Land parcels rather than tax accounts



# Median Homeowner Tax Bill

**Maine: \$3,088**

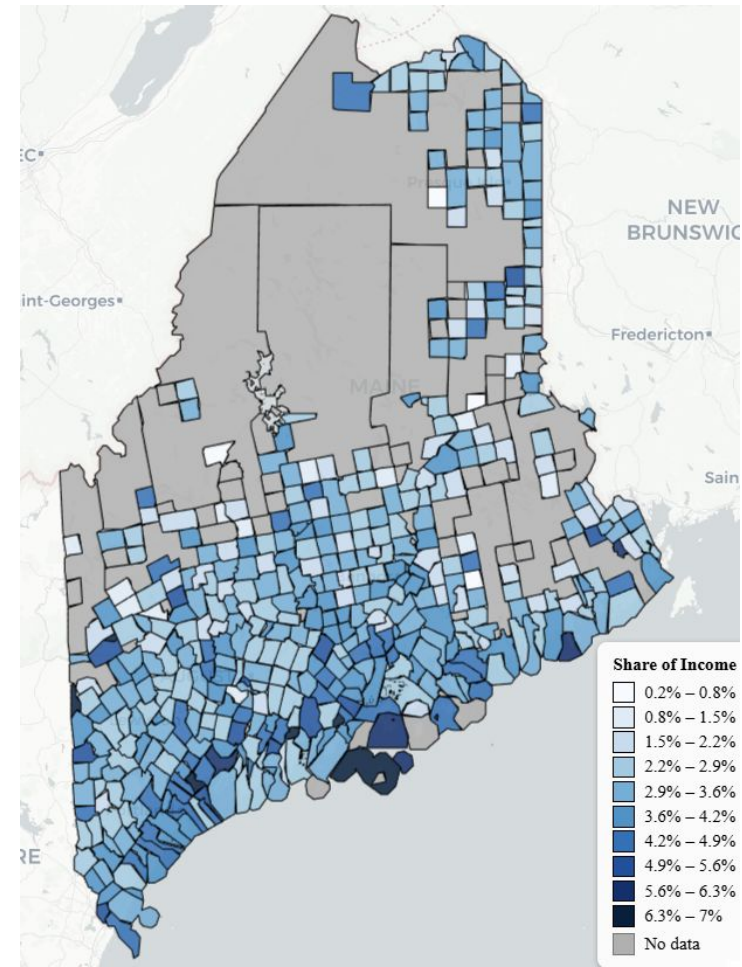
- **Summary:** For the median homeowner receiving a homestead exemption, what was their property tax bill in 2024?
- **Measure:**  
$$[\text{Median Home Value} - \$25,000] \times [\text{Certified Ratio}] \times [\text{Mill Rate}]$$
- **Coverage:** 99% population



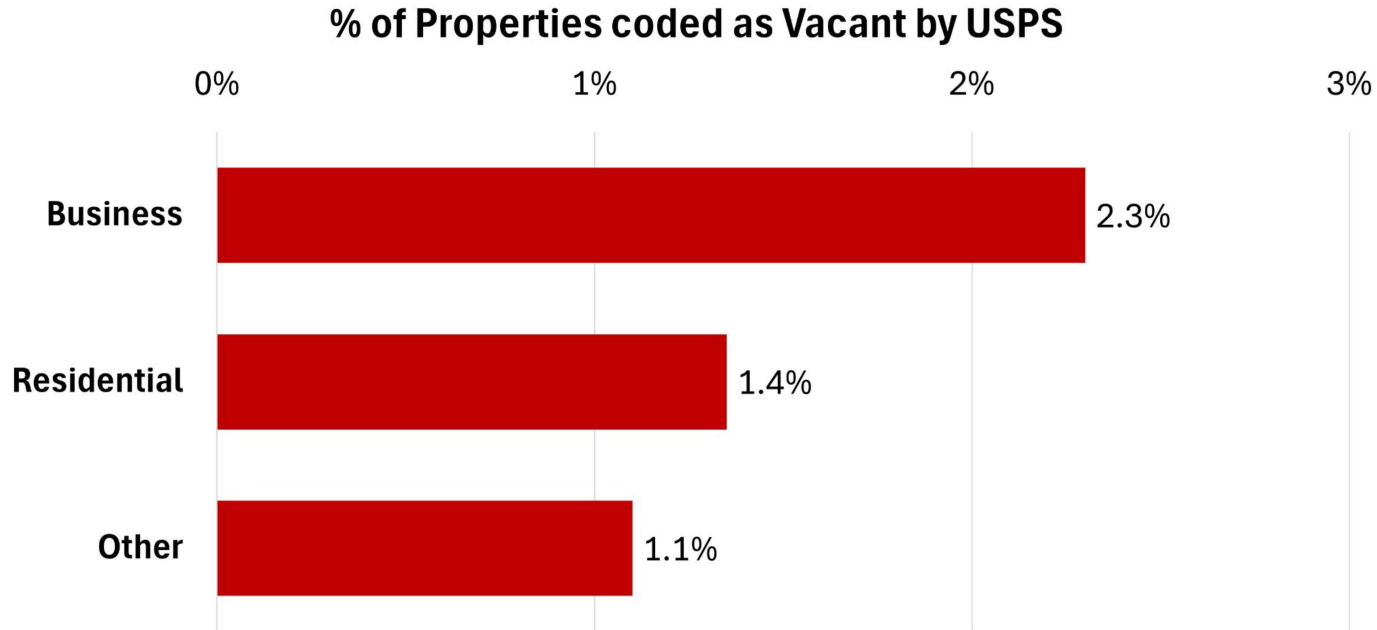
# Share of Income Spent on PTax for Median Homeowner

**Maine: 4.5%**

- **Summary:** For the median homeowner receiving a homestead exemption, what share of their household income was spent on property taxes in 2024?
- **Measure:**  
Tax Bill for Median Homeowner / Median Income
- **Coverage:** 99% population



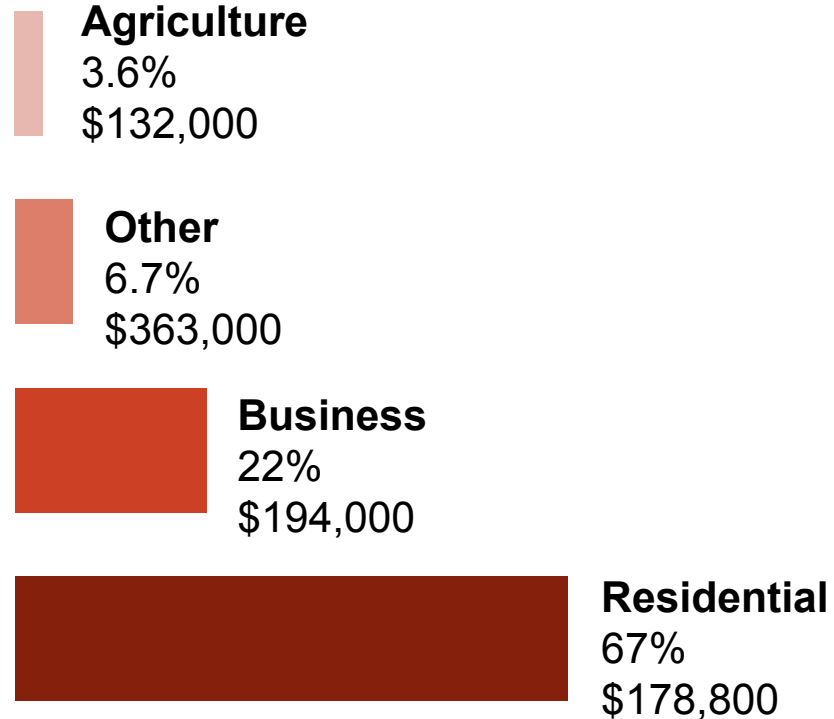
# Commercial and Residential Vacancy



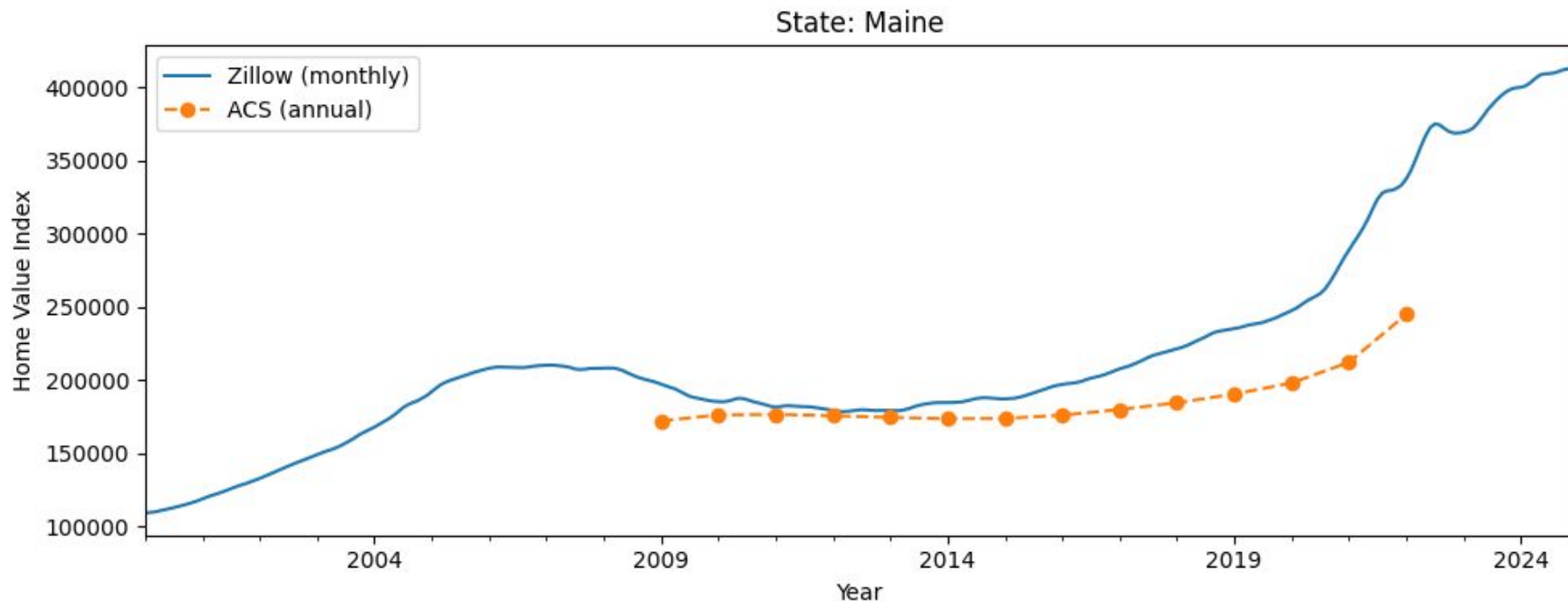
Caveat: limited coverage (30% population), USPS vacancy is an imperfect measure

# Property Category

- **Summary:** Breaking down parcels by property category
- **Measure:**
  - Percent of parcels in that category
  - Median value of the parcels in that category
- **Coverage:** 30% population



# Home prices experienced significant increases between 2020 and 2024



**Feedback?**

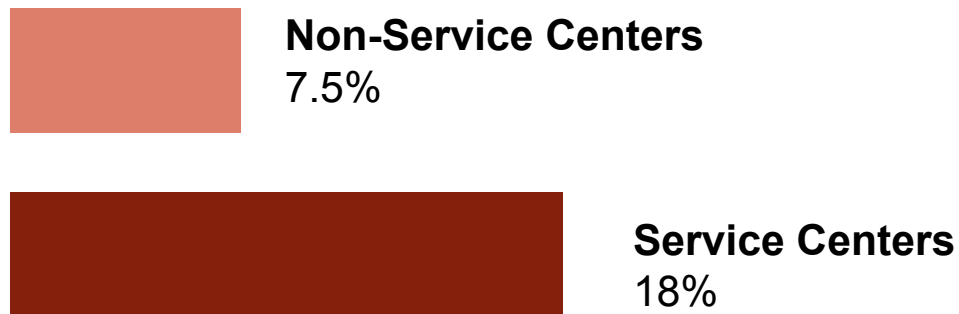
# Preliminary Analysis

# Nontaxable property raises tax rates, especially in Service Centers

*Context: TF concerned that nontaxable property burdens service centers (12; IV.a; VI.C)*

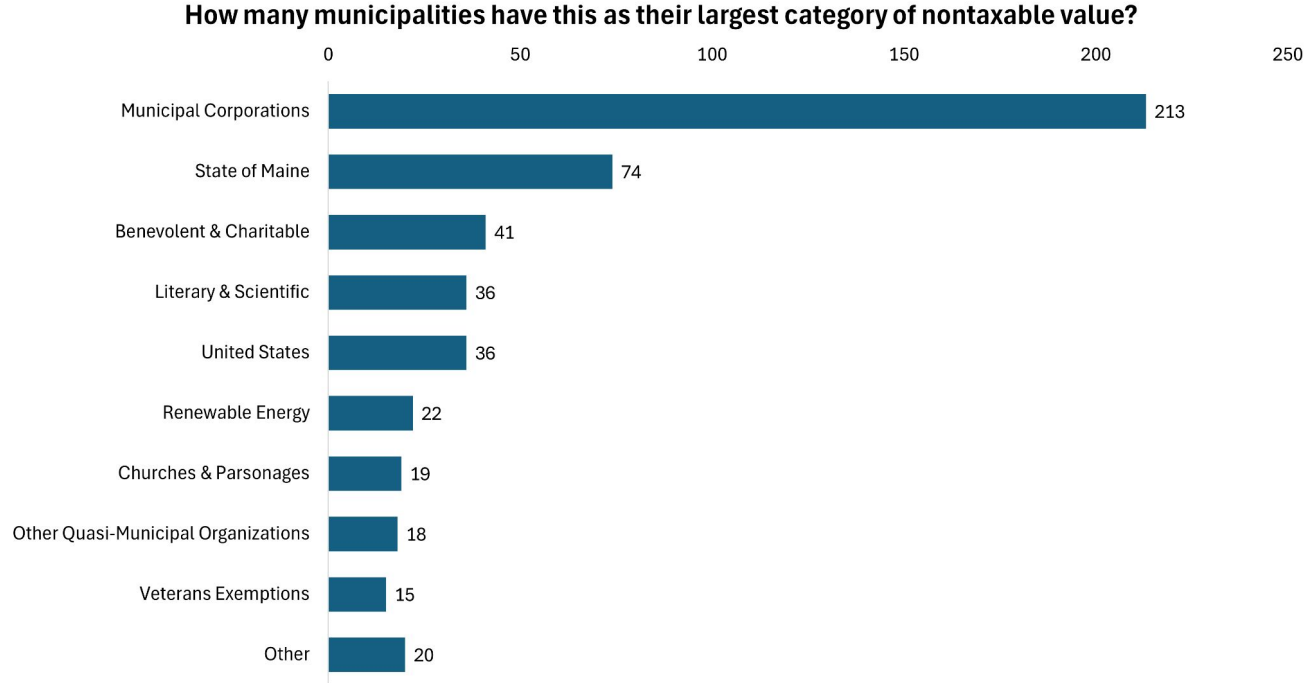
## Maine: 10%

*"Non-taxable property increases property tax bills by ~10%, on average across Maine."*



# Nontaxable property comes in different forms

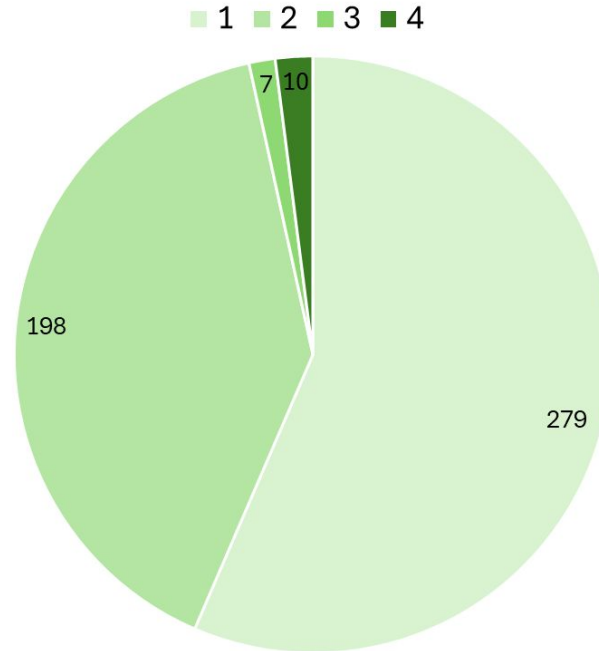
*Context: TF concerned that nontaxable property burdens service centers (12; IV.a; VI.C)*



# Most municipalities are billing annually or biannually.

*Context: TF considering “Monthly property tax payments, without penalty or fees” (l.a.)*

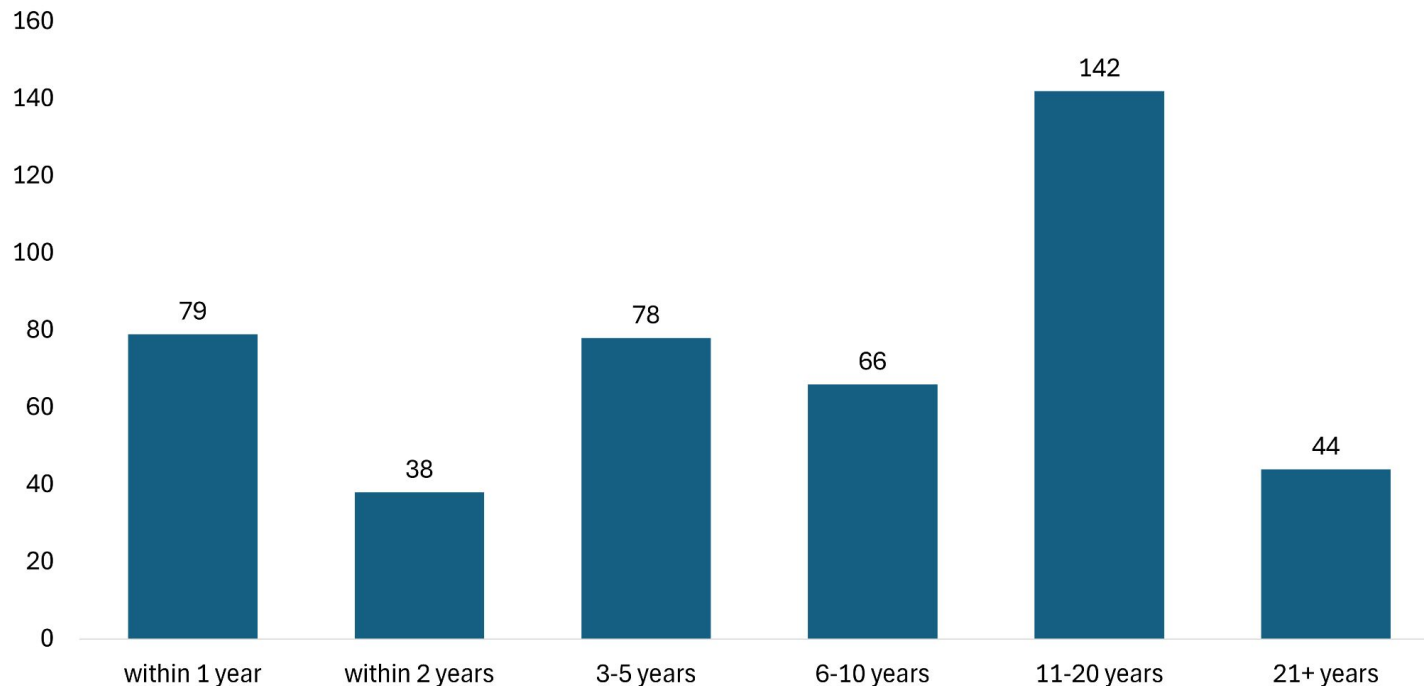
How many property tax installments did municipalities allow in 2024?



# Most municipalities have not revalued in over 5 years.

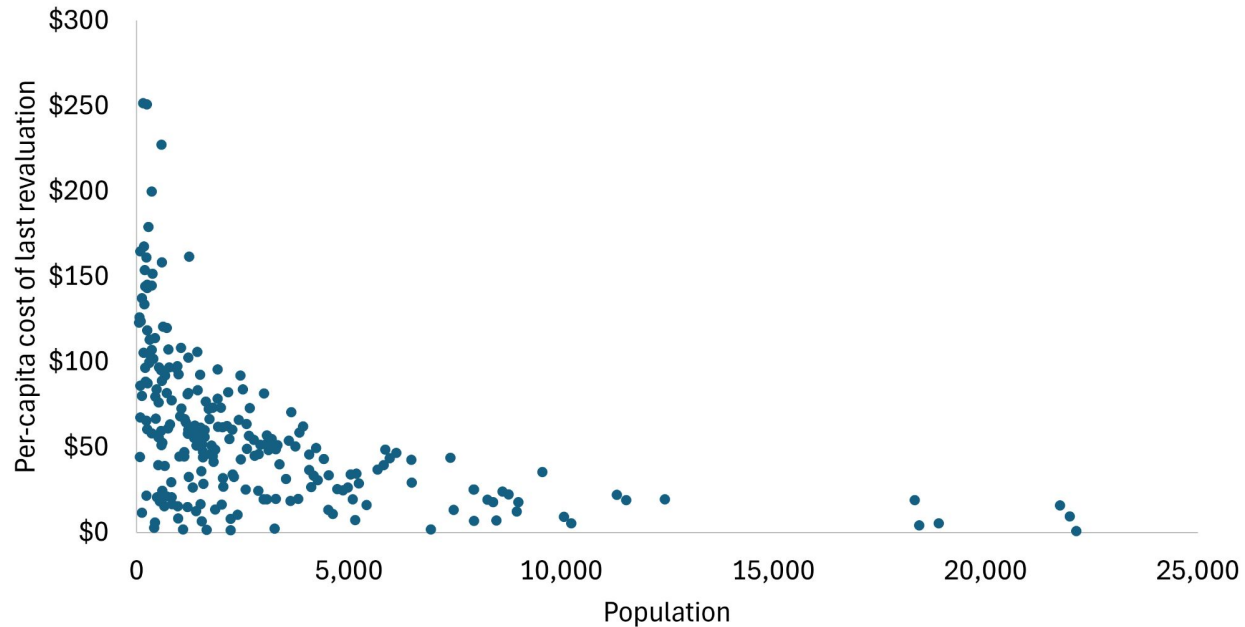
*Context: TF considering more frequent valuations (l.c)*

When did Maine municipalities conduct their most recent town-wide revaluation?



# Valuation becomes cheaper per capita as population increases.

*Context: TF considering regionalization of services to reduce costs (VII.p & VII.q)*



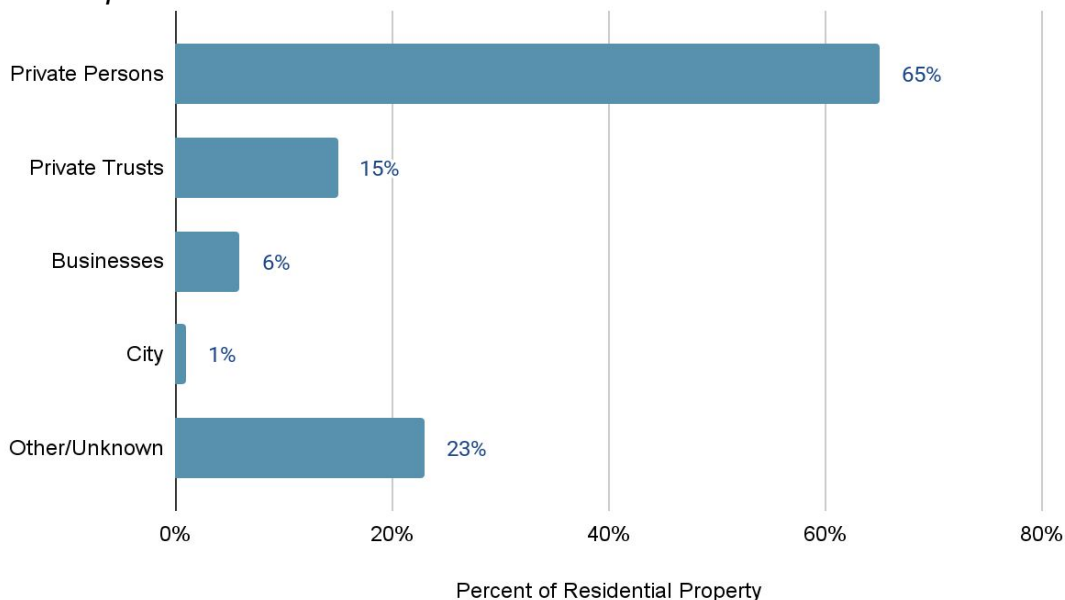
# Most homes are owned by Mainers

*Context: TF considering tax on REITs (IV.b), Taylor Swift Tax ()*

**88%**  
*of residential  
property is  
owned in Maine*

## Who owns Residential property?

*Coverage is 5% of municipalities, with 30% population, with parcel-level information*



# Some relief programs have minimal participation

*Context: TF considering ways to encourage use of local senior ptax relief programs (VI.a).*

*Interested in identifying programs that are inefficient to deliver (VII.c)*

- **Municipal Senior Ptax Deferral Program**
  - Only 6 municipalities have one (Eliot, Hampden, Hiram, Kittery, Moose River, North Yarmouth)
  - Only 36 participants, receiving \$37,700 in relief
- **Senior Volunteer Tax Credit program**
  - Only 6 municipalities (Monmouth, Lagrange, Kittery, Monhegan Plt, Moose River, Cumberland)
  - Only 211 participants, receiving \$80,400 in relief
- **Local Relief Programs**
  - Only 27 municipalities
  - 2,877 participants, receiving \$1.9m in relief

# Discussion

# Economist Hat

# Tax Principles

- Grow the economy; don't get in its way (VII.u-x)
- Align bills with benefits (#2)
- Make the burden match the means (#13)
- Be neutral on housing choices

# Property taxes are good...

- Good for growth
- Burdens match benefits
- Progressive
- Simple to administer

## Which Taxes Damage Growth the Most?

Study	Johansson et al. (2008)	Arnold et al. (2011)	Acosta-Ormacechea, Sola & Yoo (2019)	Şen & Kaya (2023)
<b>Worst</b>	Corporate Income Tax	Corporate Income Tax	Personal Income Tax	Corporate Income Tax
<b>2nd Worst</b>	Personal Income Tax	Personal Income Tax	Corporate Income Tax	Personal Income Tax
<b>3rd Worst</b>	Consumption Tax	Consumption Tax	Consumption Tax	Consumption Tax
<b>Least Bad</b>	Property Tax	Property Tax	Property Tax	Property Tax

## **...Land taxes are better**

*Context: Introduced by Ron Rakow of Lincoln (9/12)*

- Building taxes discourage building
- Land taxes discourage speculation
- Land values are created by public services & community activity
- Essentially a tax exemption for buildings
- Generally more progressive than traditional property tax

# **Salience is a challenge for property tax**

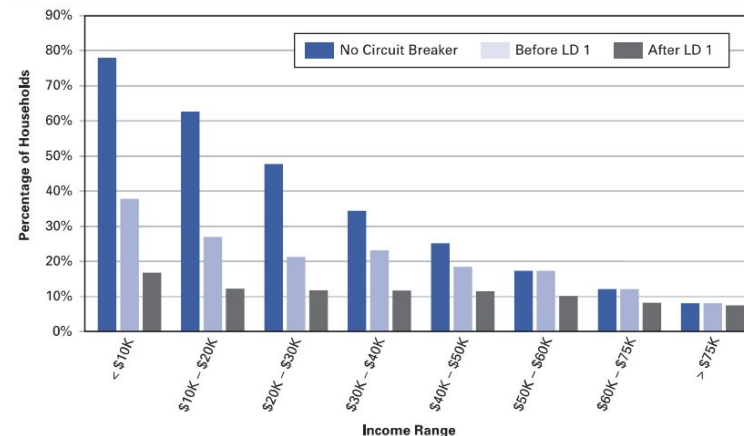
- 1-2 large bills each year; paid manually
- Silver lining: encourages budget accountability
- TF proposals helpful:
  - Monthly payments (I.a)
  - Connect PTFC into ptax bills (II.f)
  - More frequent revaluations (I.c)

# Property taxes can impose high burdens on lower-income homeowners

*Context: TF considering expanding the PTFC (II.f)*

- Property Tax Fairness Credit is best-practice
  - Improves progressivity
  - Directly targeted on income
  - Tenure-neutral
- PTFC use: 134k recipients, \$113m in credits
- To Do:
  - Estimate number of eligible taxpayers
  - Potential modeling PTFC expansion

FIGURE 4: **Percentage of Maine Households with Property Tax Burden above 6 Percent of Income**



Source: Allen and Woodbury 2006

# Proceed with caution when segmenting property taxes

- TF considering split business vs residential tax rates (VII.k)
  - Tends to gradually shift burden to businesses
  - Can lead to big distortions over time
  - Headache to unwind
- TF considering tax on REITs (IV.b)
  - Emerging research:
  - Landlord concentration: Watson & Ziv ([2023](#))
  - Housing outcomes: Francke, Hans, Korevaar, von Bökkum ([2023](#)); Coven ([2024](#))

# Looking Forward

# Unfunded Mandates

- Goals:
  - Identify largest UMs overall
  - Identify UMs that impose unique burden on certain municipalities
- Definitions vary - MMA have a list of candidates
- Probable Approach: Poll Municipalities
  - Rank top 5 (from MMA list)
  - For top 5, ballpark estimate of cost

# Federal Funding Risks

- Considering multiple approaches
  - Use city budgets to identify Intergovernmental Transfers less identifiable State transfers
  - Polling municipalities
  - US OMB and other federal reporting (SEFA) and grants databases
- Major Funding Streams (to look into): FEMA, Brownfields EPA, State Revolving Funds, SNAP; LIHTC; CDBG

# Potential Avenues for Policy Analysis

*Context: Policies under consideration by TF where we could provide analysis*

- Property Tax Deferral Program: effects of raising income thresholds (II.a)
- PTFC: effect of expanding maximum \$\$ amounts (II.f)
- PTFC: effect of treating all low-income people the same (not splitting by over/under 65) (II.f)
- Changes to homestead exemptions (II.b)
- Reforms to current use (VII.a)

# **Q&A / Discussion / Feedback**

# **A PROPOSAL FOR PROPERTY TAX REFORM**

**Draft – November 14, 2025**

## Key Findings

The fair market value of Maine homes, which is the base on which property taxes are assessed, has risen dramatically over the last five years, post-COVID — two to three times faster than the incomes of most Maine households.

Based on data from the Maine Association of Realtors, the median home sale price in Maine rose from \$225,000 in 2019 (pre-COVID) to \$390,200 in 2024 – an increase of 73 percent in just 5 years. The MRS-reported state property valuation (equalized to 100% values) rose from \$186 billion to \$311 billion, or by 67 percent, over this period.

By contrast, U.S. census data indicate a 5-year increase in median household income in Maine from \$66,550 to \$90,730 – or 36 percent. For those on Social Security, cost-of-living increases amounted to 25 percent over the last 5 years.

The result of these grossly misaligned growth rates is that many more, especially long-term homeowners, are living in homes with a fair market (taxable) value that is far higher than they could afford today, based on their incomes.

While rising property values need not translate to higher property tax bills (if rates are reduced proportionately), the burden can become unreasonably high for those with a very high value to income ratios.

Maine Revenue Services estimates that XX% of resident households pay more than 6% of income in property taxes, YY% of resident households pay more than 10% of their income in property taxes, and an astonishing ZZ% of resident households pay more than 20% of their income in property taxes.<sup>1</sup>

## Principles of Reform

For its interim report and recommendations, the Committee has agreed on the following principles of reform:

- Maine policy should assure that no Maine Resident is forced to sell their home due to an excessive burden of property taxes.
- Property tax relief should be made available to all Maine residents with a burden exceeding 6 percent of their income, regardless of property value. There should be an absolute cap on property taxes of no more than 10 percent of income.

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<sup>1</sup> Maine Revenue Services should be able to update these numbers. An educated guess is that 40% of resident households pay more than 6% of their income in property taxes, 25% of resident households pay more than 10% of their income in property taxes, and 10% of households pay more than 20% of their income in property taxes.

- Because state resources are limited, they should not be used to protect the larger estates of residents with very highly valued properties. Thus, relief should be structured as a combination of grants (for the portion of property taxes that apply to property valuations up to the statewide median) and optional loans (for the portion of property taxes that apply to valuations above the statewide median).<sup>2</sup>

### Policy Recommendation

The Committee proposes the following modernization and integration of the current Homestead Exemption, Property Tax Fairness Credit, Property Tax Deferral, and Municipal Revenue Sharing programs. The modernized program, which we propose to call the “Maine Resident Property Tax Cap and Municipal Services Support” Program, will be 100% fully reimbursed to municipalities, and can be calibrated to return to municipalities the identical amount that the state allocates to these tax relief and municipal support programs now.

When households file their individual income tax returns each year, any resident with a burden of property taxes exceeding 6% of their income may include with their return a Maine Property Tax Cap computation for the following year. Based on the information in the filing, Maine Revenue Services would transfer to the residents’ municipal authority an amount to be used as pre-payment of that residents’ property taxes for the following year. The net tax bill imposed by the municipality on the resident taxpayer would then be adjusted accordingly.

The formula would be structured as follows:

- The homeowner would be responsible for the first 6% of income in property taxes.
- The state would pre-pay to the municipality 50% of the amount of property taxes paid between 6 and 10% of the prior year’s income.
- The state would pre-pay to the municipality 80% of the amount of property taxes paid between 10 and 20% of the prior year's income.
- The state would pre-pay to the municipality 100% of the amount of property taxes paid above 20% of the prior year's income.

*This tiered formula equates to an absolute cap on property taxes of 10% of income (6 percent plus half of 4% plus one-fifth of 10%).*

The total prospective pre-payment to the municipality would be made up of two parts — the portion applicable to property valuations up to the statewide median (a direct grant) and the portion applicable to property valuations in excess of the statewide median (an optional loan). The taxpayer could choose a pre-payment with or without the loan component.

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<sup>2</sup> Depending on the data source used, the statewide median property value is roughly \$400,000. So, the illustrations presented later in this report use \$400,000 as a tentative placeholder for describing the effects of the proposed reform in different communities and for different taxpayers within these communities.

## Policy Rationale

The policy accomplishes the following goals:

- It provides tiered relief to all taxpayers with burdens exceeding 6 percent of their income, and incrementally more relief to those with even higher burdens. Nearly 40 percent of residents experience these unreasonably high tax burdens.
- By consolidating four current property tax relief programs, it concentrates state tax-relief dollars on residents with high burdens only, while still retaining a fair share of property taxes from those for whom the property tax burden is already reasonable.
- Except in extreme cases of tax burdens above 20% of income, it keeps “skin in the game” for all taxpayers to want to contain municipal spending.
- It limits direct grants to homeowners who have accumulated very high levels of housing equity.
- It gradually phases out the direct grant amount as income rises, rather than imposing any income eligibility cliff.
- It avoids the multi-program complexities of different causes of the property tax burden in different types of municipalities by focusing on the people with high burdens in ALL communities, regardless of the community-specific reasons that property taxes are high in each one.