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132nd Legislature, First Regular and First Special Sessions

Real Estate Property Tax Relief Task Force

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Real Estate Property Tax Relief Task Force

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Executive Summary

Through Resolve 2025, chapter 108, the 132nd Legislature established the Real Estate Property Tax Relief Task Force ("Task Force") to deliver immediate property tax relief and to launch a comprehensive, data-driven process to develop long-term solutions using the expertise of a representative group of individuals. The Task Force is comprised of 13 voting members and two nonvoting members representing a variety of interests relevant to the Task Force's work. The Resolve establishes the Task Force for a two-year period and provides authorization for the Task Force to meet during the interims of 2025 and 2026.

The specific duties of the Task Force, as outlined in Resolve 2025, chapter 108, include contracting with an entity for research and analytical support with the goal of determining the source of the problems with the current system of property taxation, who is most negatively affected by the current system of property taxation and how those persons are negatively affected.[1] The contracted entity is specifically tasked with gathering and analyzing statewide property tax data.

The Resolve establishing the Task Force became effective on July 1, 2025, and the Task Force met six times in 2025. Over the course of their meetings, the Task Force members focused on gathering information on the current real estate property tax system in Maine which included presentations from municipal and county representatives, state agencies, and assessors working in the State. The Task Force membership represents a broad range of stakeholders, and the members were able to add their perspectives on the issues raised in these presentations during Task Force discussions. The Task Force also received presentations from national organizations regarding property tax relief efforts in other states and national best practices and from Progress and Poverty Institute, the entity contracted by the Task Force to provide research and data analysis.

At its final meeting of 2025, the Task Force reviewed and took final votes on recommendations made by Task Force members. Unless otherwise noted, the recommendations reflect a unanimous vote of those members present and voting and those members who voted after the meeting.

Recommendation related to Task Force process

Recommendation 1: The Task Force recommends that the Taxation Committee submit legislation to amend Resolve 2025, chapter 108, to explicitly authorize the Real Estate Property Tax Relief Task Force to hold up to six additional meetings in 2026.

Recommendations related to municipal administration and taxpayer education

Recommendation 2: The Task Force recommends that the Taxation Committee, in consultation with Maine Municipal Association and other municipal representatives, identify burdens

[1] See the emergency preamble of Resolve 2025, chapter 108 in Appendix A for a description of the problems related to the property tax system in Maine which resulted in the creation of the Task Force.

associated with and streamline the process for municipalities to allow taxpayers to make monthly real estate property tax payments directly to the municipality.

Recommendation 3: The Task Force recommends that the Taxation Committee, in consultation with Maine Municipal Association and other municipal representatives, consider methods to increase the communication of information to taxpayers about property tax relief programs including, but not limited to, through the provision of informational inserts in real estate property tax bills. The Task Force recommends that the Committee ensure that it considers methods that provide property tax relief information to renters and other eligible individuals who may not receive a real estate property tax bill.

Recommendations related to possible legislative changes to existing relief programs

Recommendation 4: The Task Force recommends that, if the Taxation Committee considers 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 Committee should consider allowing a taxpayer's income tax credit to offset their property tax bill.

Recommendation 5: If the Taxation Committee considers changes to the homestead exemption in the Second Regular Session of the 132nd Legislature, a majority of the Task Force supports increasing the current homestead exemption to account for inflation as the homestead exemption is a good policy tool for providing broad relief.

Recommendation 6: The Task Force recommends that the Taxation Committee submit legislation to create one or more working groups to review property tax exemptions and current use programs to evaluate whether the exemptions and programs continue to meet the purposes for which they were established and are efficient to administer at the local level.

Recommendations related to property tax cost drivers

Recommendation 7: The Task Force recommends that the Legislature enact legislation that encourages continued inter-local, regional, and state-wide partnerships to increase efficiency in administering municipal-level and county-level services and reduce municipal and county costs.

Recommendation 8: The Task Force recommends that the Taxation Committee review the reports required from the Maine Education Policy Research Institute pursuant to Resolve 2023, chapter 164 and Resolve 2025, chapter 84 and from the County Corrections Professional Standards Council pursuant to Resolve 2025, chapter 73. The Task Force recommends that the Committee consider the findings and recommendations in these reports when making policy decisions in the Second Regular Session of the 132nd Legislature as the issues considered in these reports influence real estate property taxes.

Recommendations related to providing funding to reduce municipal budget needs

Recommendation 9: If the Taxation Committee submits legislation to increase the homestead exemption in the Second Regular Session of the 132nd Legislature, a majority of the Task Force recommends that the Committee provide 100% municipal reimbursement for the difference between the current homestead exemption of $25,000 and the increased amount provided for in such legislation.

Recommendation 10: A majority of the Task Force recommends that the Legislature enact legislation to increase funding for county jails and to encourage regionalization of services.

I. INTRODUCTION

Resolve 2025, Chapter 108

The Real Estate Property Tax Relief Task Force was established by Resolve 2025, chapter 108 to deliver immediate property tax relief and to launch a comprehensive, data-driven process to develop long-term solutions using the expertise of a representative group of individuals. The Task Force is directed to conduct its work over two years. As such, the Resolve directs the Task Force to submit an interim report that includes the Task Force's preliminary findings and recommendations to the Joint Standing Committee on Taxation no later than January 15, 2026, and a final report that includes its findings and recommendations to the joint standing committee of the Legislature having jurisdiction over taxation matters no later than December 15, 2026.[2]

Pursuant to the Resolve, the Task Force consists of 13 voting members and at least two nonvoting members: four legislative members; nine non-legislative members representing interests specifically identified in the Resolve; the Commissioner of Administrative and Financial Services or the commissioner's designee; and the Associate Commissioner for Tax Policy within the Department of Administrative and Financial Services, Bureau of Revenue Services, or the associate commissioner's designee. The Resolve also provides that the Task Force chairs may invite, as additional nonvoting members of the Task force, individuals who have expertise in municipal government, municipal finance, economic development, constitutional law, tax policy, housing policy or tax assessing. The voting members include:

- Five members appointed by the President of the Senate as follows:
  - Two members of the Senate, including at least one member of the party holding the 2nd largest number of seats in the Legislature and at least one of whom has expertise or background in the area of taxation;
  - One member who is a representative of economists or who is a tax expert;
  - One member with lived experience of poverty who is a representative of low-income residents of the State; and
  - One member who has legal experience with constitutional issues or property tax issues.
- Five members appointed by the Speaker of the House of Representatives as follows:
  - Two members of the House of Representatives, including at least one member of the party holding the 2nd largest number of seats in the Legislature and at least one of whom has expertise or background in the area of taxation;
  - One member who is involved in real estate, economic or housing development with expertise in long-term homeownership trends in the State;
  - One member who represents the business sector and who has paid property taxes; and
  - One member who has expertise in assessing property taxes.
- Three members appointed by the Governor as follows:
  - Two members with expertise in municipal government, municipal taxation, local government finance or property valuation, one of whom represents the interests of

[2] A copy of the Task Force's authorizing legislation, Resolve 2025, chapter 108, is included as Appendix A.

    - municipalities with fewer than 10,000 residents and one of whom represents the interests of municipalities with at least 10,000 residents; and
    - One member with lived experience as a senior citizen who represents the interests of residents of the State who are at least 65 years of age or older.

As the first-named members from the Senate and House of Representatives, Senator Nicole Grohoski and Representative Ann Matlack serve as chairs of the Task Force.[3]

The specific duties of the Task Force, as outlined in Resolve 2025, chapter 108, include contracting with an entity for research and analytical support with the goal of determining the source of the problems with the current system of property taxation, who is most negatively affected by the current system of property taxation and how those persons are negatively affected.[4] The Task Force issued an Invitation for Proposals on September 29, 2025, and selected Progress and Poverty Institute to assist the Task Force. Progress and Poverty Institute began its work on November 12, 2025, following the execution of the contract.

The Task Force has the following additional specific duties:

1. Perform a comparison of this State to the rest of the nation, including:
    - Determining how property tax assessment is instituted, the expenses associated with assessment and how assessment in the State compares with other states;
    - Exploring property tax relief measures and programs used by other states, particularly those states similar in geography, demographics, resident income or state and local government structure, to determine whether those relief programs could be adapted to the State;
    - Studying property tax burdens in other states, including as a percentage of resident income, and any trends over the last 20 years; and
    - Gathering any additional data or information the chairs determine relevant to a productive discussion.
2. Explore the need for amendments to the Constitution of Maine or to the Maine Revised Statutes, including:
    - Reviewing constitutional constraints on property tax assessments and exploring whether an amendment to the Constitution of Maine could create more equitable and stable property tax policies;
    - Researching whether other states have constitutional provisions that allow for equitable property tax structures;

[3] The complete membership list of the Task Force is included as Appendix B.
[4] The comprehensive list of statewide property tax data required to be gathered and analyzed by the selected entity is included in Resolve 2025, chapter 108, Sec. 6, subsection 1, paragraphs A-I. This list was also included in the Task Force's Invitation for Proposals. Materials related to Invitation for Proposals subcommittee, including the invitation for proposals and related materials, proposals received by the task force, scoring sheets, award justification and notification letters, and archived recordings of the pre-evaluation meeting and the consensus-based scoring meeting can be found at https://legislature.maine.gov/real-estate-property-tax-relief-task-force.

    - Researching which states have successfully amended their constitutions to allow for more effective property tax relief and the advantages and disadvantages of those amendments; and
    - Recommending whether constitutional changes should be pursued and, if so, what changes should be made and how and when those changes should be made.
3. Develop methods to ensure municipalities use property tax relief for its intended purpose while continuing to meet the needs of residents by:
    - Identifying mechanisms used in other states intended to ensure that local property tax relief funds are allocated effectively to the taxpayers;
    - Exploring mechanisms to support transparency and accountability in the use of property tax relief funds at the municipal level that exist in other states or that have been discussed in the State; and
    - Recommending accountability measures, including but not limited to reporting requirements, financial incentives or disincentives.
4. Assess changes to the valuation process and support for municipalities by:
    - Investigating how other states ensure equitable, updated and fair valuation practices;
    - Analyzing whether certain geographic regions or types of communities, such as service centers, in the State have disproportionate property assessments that negatively affect specific populations;
    - Identifying those resources municipalities need to conduct accurate property valuation, including funding, staffing and technology; and
    - Recommending best practices and potential legislative changes to improve fairness and accuracy in property assessments.
5. Develop targeted support for long-term property owners who need support to age in place by:
    - Studying states that have implemented property tax relief programs specifically for long-term homeowners; and
    - Recommending which tax policies the State should adopt to prevent displacement and maintain affordability of elderly and low-income homeowners.
6. Explore the use of the State's cash pool for property tax relief by:
    - Researching how other states use state investment funds to support property tax relief programs;
    - Analyzing potential risks and benefits of using the State's cash reserves to provide long-term property tax relief; and
    - Recommending whether a dedicated revenue stream should be created for this purpose and how it could be structured.
7. Examine potential impacts of federal funding changes on property taxes in the State.

Before making recommendations related to these duties, the Task Force is directed to engage in a data-driven analysis of the State's property tax system.

The Resolve establishing the Task Force became effective on July 1, 2025. The Task Force met six times in 2025: September 12, September 30, October 24, November 13, December 4, and December 16. All meetings, including those of the subcommittee, were open to the public and were livestreamed on the Legislature's publicly accessible website.[5]

II. TASK FORCE PROCESS

A. Establishing the Task Force

Maine residents have been impacted by increased costs of living, a statewide housing crisis, increasing property values that have outstripped income growth, and a rise in residential property values with a corresponding decrease in commercial property values – all affected some way by the COVID-19 pandemic. These factors have resulted in many Mainers facing rising property tax bills and, as a result, there have been a variety of efforts to address these issues, including through property tax relief. The Task Force found that the State is providing a significant amount of property tax relief, both direct and indirect, which has been increasing over the last five years. This includes many programs designed to ease the burden on different property taxpayer types. In recent years, the Legislature enacted a series of property tax relief measures, including expanding the Property Tax Fairness Credit, improving the homestead property tax exemption, expanding the property tax deferral program, and increasing state-municipal revenue sharing. Despite these recent legislative efforts, Maine residents continue to face rising property tax bills, as well as other broader increases in the cost of living and a statewide housing crisis – a combination that is having a negative impact on Maine residents. The State is among the states in which households spend a significant share of their income on property taxes – ranking 20th in property taxes paid as a percentage of owner-occupied housing value in 2023[6] and with the fifth highest property tax burden in the nation as measured by percentage of state personal income.[7] Property taxes in Maine account for more than 50 percent of local general revenue, which ranks fourth highest in the nation.[8] The fair market value of Maine homes, which is the base on which residential property taxes are assessed, has risen dramatically over the last five years, post-COVID, at a rate 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[9] to $390,200 in 2024[10]; this represents an increase of 73 percent in just five years. The state property valuation reported by Maine Revenue Services, equalized to 100 percent values, rose from $186 billion to $311 billion, or by 67 percent over this period. By

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[5] More information about the Task Force, including meeting agenda, meeting materials, presentations, and public comments were posted online and remain archived on the following website: https://legislature.maine.gov/real-estate-property-tax-relief-task-force.
[6] *See* National Conference of State Legislatures presentation to the Task Force dated October 24, 2025, available here: https://legislature.maine.gov/doc/12063.
[7] *See* Lincoln Institute of Land Policy presentation to the Task Force dated October 24, 2025, available here: https://legislature.maine.gov/doc/12063.
[8] *Ibid.*
[9] *See* Maine Association of Realtors January 2020 press release available here: https://www.mainerealtors.com/wp-content/uploads/2020/01/MaineHousingReport-December-2019.pdf.
[10] *See* Maine Association of Realtors January 2025 press release available here: https://www.mainerealtors.com/wp-content/uploads/2025/01/MaineHousingReport-CalendarYear2024.pdf

contrast, U.S. Census Bureau data indicate a five-year increase in median household income in Maine from $66,550 to $90,730,[11] or 36 percent and for those on Social Security, cost-of-living increases amounted to approximately 23 percent over the last five years.[12] These trends have made accessing affordable housing challenging for first-time home buyers, working families, and older Maine residents who wish to downsize or relocate to be closer to service center communities. Older Mainers who wish to remain in their homes are also impacted, as they may no longer be able to afford their property taxes. The result of these misaligned growth trends is that many more, especially long-term homeowners, are living in homes with a 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 tax rates are reduced proportionately, the burden can become unreasonably high for those with an extremely high value to income ratio.

Specific concerns from taxpayers who are struggling to afford their property taxes include: steep year-over-year increases in property tax amounts, especially when property taxes are increasing faster than wage growth; older individuals, especially those on fixed incomes, struggling to keep their longtime homes as property taxes have risen significantly more than budgeted for; and potential inequities in property tax assessments for different types of properties, especially those properties in high value areas. Many Mainers are also concerned about rapidly increasing home values due to the sizable percentage of housing units that are used for seasonal, recreational, or occasional use, 14.4 percent,[13] the highest of any state, and a trend many Maine taxpayers believe to be increasing.

Additionally, municipalities across the State, ranging from small rural towns to larger cities, face varying budgetary challenges. These challenges impact real estate property taxes because, as the Task Force found, property taxes are the primary means municipalities are authorized to use to generate revenue to pay for services mandated by Federal and State government, and for additional services, towns are responsible for or elect to provide to their residents. A municipality's budget is calculated based on the cost of delivering these services and, when the cost-of-living increases, so do the costs associated with municipal services. Within the real estate property tax system itself there has been a shift towards more reliance on residential property owners as the value of commercial properties has decreased since the COVID-19 pandemic while residential property values have generally increased (see Table 1). Attempts to reform the property tax system in the State, to provide property tax relief, or to modernize or streamline the administration of property taxes have faced significant hurdles in the past, including constitutional constraints. Therefore, this Task Force was established to examine the property tax system in Maine in order to deliver immediate property tax relief and to launch a comprehensive, data-driven process in order to develop long-term solutions.

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[11] *See* Federal Reserve Bank of St. Louis data graph available here: https://fred.stlouisfed.org/series/MEHOINUSMEA646N.

[12] For historical Social Security cost-of-living adjustments, see: https://www.ssa.gov/oact/cola/colaseries.html.

[13] *See* Maine Revenue Services presentation to the Task Force dated September 12, 2025, available here: https://legislature.maine.gov/doc/12044.

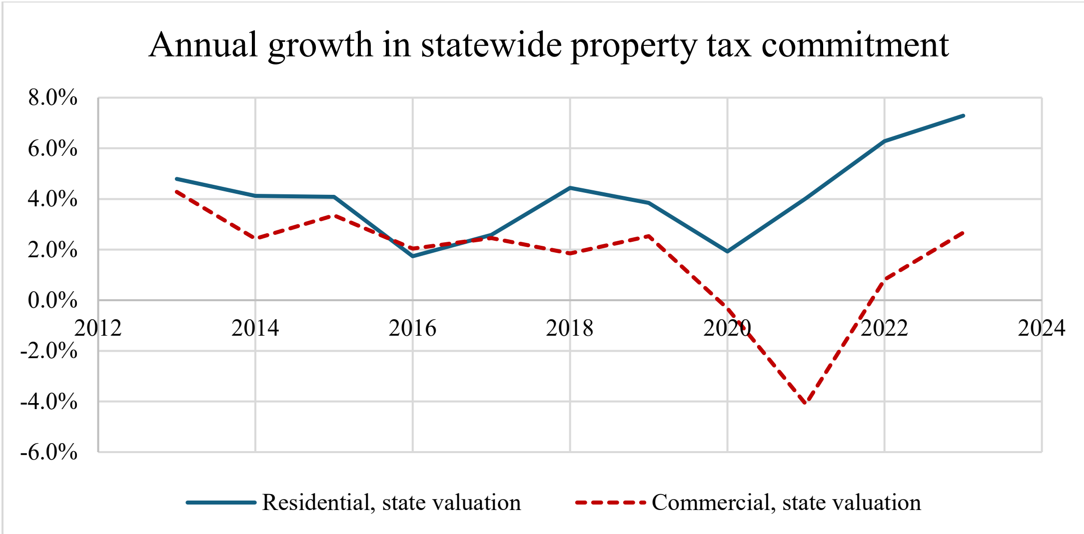

Table 1 (source: Maine Revenue Services)

The Task Force held six meetings in 2025. During the course of the first four meetings, Task Force members focused on gathering information on the current real estate property tax system in Maine which included presentations from municipal and county representatives, state agencies, and assessors working in the State. The Task Force membership represents a broad range of stakeholders, and the members were able to add their perspectives on the issues raised in these presentations during Task Force discussions. The Task Force also received presentations from national organizations, specifically the National Conference of State Legislatures (NCSL) and the Lincoln Institute of Land Policy (Lincoln Institute), regarding property tax relief efforts in other states and national best practices. The Task Force issued an Invitation for Proposals (IFP) for an entity to provide research and data analysis and selected Progress and Poverty Institute (PPI) to conduct this work. At the fifth meeting of the Task Force, members received a preliminary report from PPI detailing its initial research and preliminary analysis and providing its initial data collection in the form of a data dashboard. The information presented during the fifth meeting, which included some modeling of proposed recommendations, helped to inform the final preliminary findings and recommendations of the Task Force.[14] More information about the IFP, the IFP subcommittee, and the initial work conducted by PPI is provided in Section IV. The final meeting of the Task Force was reserved for Task Force discussion of and voting on final interim findings and recommendations. Throughout the course of its work, the Task Force solicited and received comments from members of the public and established a dedicated email address to facilitate public input.[15]

[14] *See* Progress and Poverty Institute presentation to the Task Force dated December 4, 2025, available here: https://legislature.maine.gov/doc/12130.

[15] The email address, re.ptax.relief@legislature.maine.gov, will be available to receive public comment through the completion of the Task Force's work in 2026. The public comment received by the Task Force during the course of its meetings in 2025 is available here: https://legislature.maine.gov/doc/12218.

As this is a two-year legislative study, the Task Force anticipates resuming its meetings in the spring of 2026 with the benefit of the data and analysis from PPI to develop its final recommendations. This report outlines the information and data presented to the Task Force members during their meetings and identifies the resulting preliminary recommendations.

B. Real Estate Property Taxes – A National Landscape

Property Taxes Generally

According to data received from NCSL, who presented to the Task Force during the third meeting, property taxes have been and continue to be among the most unpopular taxes. Despite their unpopularity, every state in the nation utilizes property taxes to a certain extent and property taxes continue to be an essential revenue source for school systems and local services. The Lincoln Institute, who also presented to the Task Force during the third meeting, shared that property taxes are seen as a good tax because they do less economic harm than alternative ways to raise the same amount of revenue, specifically noting property taxes have less of an effect on decision-making than most other taxes, roughly align with the benefits that property owners receive from local services, and are highly transparent and correlate strongly with services that enhance the value and utility of property. The Task Force determined that 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, though they are affected by state policy. The Lincoln Institute also noted that municipal level assessment is mostly a New England phenomenon, as counties are the more prevalent jurisdiction tasked with assessment nationwide. Municipal level assessment is often seen as less efficient than county level assessment, especially for rural areas, as smaller communities face staffing, technology, and other administrative challenges. Data presented during the fifth meeting by PPI demonstrates that valuation becomes cheaper per capita as population increases.[16] Conversely, municipal assessment can result in a better connection between the community and the assessment process, especially provided that in Maine a majority of municipalities finalize budget decisions through an annual town meeting or municipal vote.[17] Nevertheless, nationwide, as in Maine, increased residential property values have outstripped income growth and continue to sustain high property taxes that have risen faster than wage growth. This has led numerous states, including Maine, to consider options to address rising property tax burdens.

The Lincoln Institute outlined for the Task Force what it believes are the four core principles behind property tax policy. First, property tax assessments should be based on market value, with regular and frequent, preferably annual, updates. Secondly, there should be a broad tax base with limited exemptions. Thirdly, relief programs should be targeted and easily accessed by those who need assistance and are administratively efficient. Lastly, municipalities need an assessment function that is proficient in mass appraisal techniques, well managed, transparent, and adequately funded.

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[16] *See* Progress and Poverty Institute presentation to the Task Force dated December 4, 2025, available here: https://legislature.maine.gov/doc/12130.

[17] *See* Maine Municipal Association presentation to the Task Force dated September 30, 2025, available here: https://legislature.maine.gov/doc/12045.

Relief Programs

The Lincoln Institute explained that to preserve revenue for essential services, property tax relief measures should target those taxpayers in greatest need of tax relief. States already employ several options to reduce property tax burdens on taxpayers. Commonly implemented relief measures nationwide include circuit breaker programs, homestead exemptions and property tax deferrals. The Lincoln Institute noted that Maine has already established these types of programs, and they are considered best practices.[18]

Circuit breaker programs provide tax relief to homeowners and can provide relief to renters as well. Circuit breakers are "tripped" when the level of property taxes exceeds a set percentage of a taxpayer's income. Relief is targeted to households with the highest tax burdens relative to income and is offered in the form of credits on income taxes, rebates, or refunds. These programs, which are available in over 30 states including Maine,[19] are cost effective, because they only provide relief to households with the lowest ability to pay.[20] States set income thresholds for individuals to qualify, as well as other eligibility criteria. It was noted by NCSL that circuit breaker programs are often extremely popular, as they are generally viewed as more progressive and provide the ability to target relief to specific groups based on income, and when the structure of a circuit breaker program is more automatic, the more likely it is to be used by eligible taxpayers.

A homestead exemption is a broad-based tool for property tax relief available to homeowners who own and occupy their property. Property taxes are reduced by exempting a portion of the property value from assessment. A "flat dollar" exemption provides more proportional relief to low-and-moderate-valued properties, a quality that can be leveraged to reduce the impact of any regressivity in assessments. The portion eligible for exemption varies widely by state, and in some cases, an exemption is only targeted towards specific groups, most often senior citizens, individuals with disabilities, and veterans. The way that states cover the lost municipal revenue because of the exemption also varies widely; for example, a state may apply a homestead exemption only to certain elements of a tax bill, but not to others.

Property tax deferrals, which are utilized in over 20 states,[21] allow taxpayers to use the equity of their home to defer paying property taxes. The full amount of deferred taxes plus any interest accrued is due when the taxpayer sells the property or when the property is transferred because of the taxpayer's death. Property tax deferrals have no long-term costs to other taxpayers since the tax is repaid when the property is sold or transferred. This type of program can avoid the possibility of long-time homeowners being forced out of their homes due to rising property taxes.

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[18] *See* Lincoln Institute of Land Policy presentation to the Task Force dated October 24, 2025, available here: https://legislature.maine.gov/doc/12063.

[19] Maine's circuit breaker program is referred to as the Property Tax Fairness Credit and is discussed later in this report.

[20] *See* Lincon Institute of Land Policy presentation to the Task Force dated October 24, 2025, available here: https://legislature.maine.gov/doc/12063.

[21] *Ibid.*

Some states are looking beyond these more traditional methods of relief and considering alternative avenues, such as assessment caps, which the Lincoln Institute described as among the worst forms of property tax relief, property tax freezes, utilizing investments for property tax relief, or eliminating property taxes in their entirety and replacing the lost revenue through either the establishment of new taxes or increasing existing alternative taxes.[22] Some states are also discussing the idea of raising property taxes but implementing more significant exemptions and relief programs.

Assessments and Valuations

According to data from the Lincoln Institute, property taxes are more equitable with more frequent reassessment, also known as revaluation or reappraisal, which is the periodic mass appraisal of all property within an assessment jurisdiction that reflects changes in physical condition, use, or the market. Statistical updates are another method that can be used to adjust assessed values based on market trends between revaluation cycles; these are less intensive and can be performed on an annual basis or when market conditions require. When revaluations are conducted infrequently, municipalities and taxpayers often face additional challenges. Prolonged periods between revaluations can often involve extensive updating of old data or collection of new data. It can also mean establishing new valuation procedures and models. Infrequent revaluations may also result in significant and widely fluctuating increases in value for property owners. Additionally, taxpayers end up having little experience with the process and can end up facing significant assessment changes. The Task Force learned that more frequent valuations result in an overall better property tax environment from the quality of data, the efficiency of process, and a greater consistency in assessed values that are more directly linked to the value of the taxpayer's home.

C. Property Taxes in Maine

The Maine Constitution

In Maine, the property tax system begins with the requirements established in the Maine Constitution. One of the most consequential provisions is in Article IX, section 8 and requires that "all taxes upon real or personal estate, assessed by the authority of this State, shall be apportioned and assessed equally according to the just value thereof." Peter Lacy, a non-voting member of the Task Force and the Director of the Property Tax Division within Maine Revenue Services, noted in his presentation at the Task Force's first meeting that it is generally understood that the Article IX, section 8 language regarding apportionment and assessment requires a uniform tax rate within a municipality. The Law Court has provided guidance regarding the meaning of just value and held that just value equals the market value of real estate, which is generally determined in accordance with a property's highest and best use.[23] It does not, however, require that the assessment be at just value, but rather that all property must be valued at the same relation to just value. This distinction allows towns to use what is called a certified ratio, which represents the percentage of just value on which a town assesses its

[22] *See* National Conference of State Legislatures presentation to the Task Force dated October 24, 2025, available here: https://legislature.maine.gov/doc/12063.
[23] *See* Title 36 of the Maine Revised Statutes section 701-A.

property tax. Mr. Lacy noted that a 70 percent certified ratio is the standard; few towns in the State are at 100 percent unless the town has recently gone through a revaluation.[24] As noted at several meetings, the Article IX, section 8 requirement that property taxes be apportioned and assessed equally presents an impediment to establishing varying tax rates for different types of real property.

The Maine Constitution, Article IX, section 7 establishes a minimum frequency for valuations and requires that "while the public expenses shall be assessed on estates, a general valuation shall be taken at least once in 10 years." More frequent valuations provide a benefit to property taxpayers as, in Maine, the certified ratio is also used to determine the percentage of the homestead exemption that a taxpayer may receive: if a municipality's certified ratio is 100 percent, eligible property taxpayers in that municipality are able to use 100 percent of the homestead exemption amount. The Maine Constitution also permits the Legislature to create programs that incentivize the use of property for specific purposes. Article IX, section 8, subsection 2 establishes four general types of property that may be assessed based on current use in accordance with any condition enacted by the Legislature. The current use programs available to property owners in the state include the Tree Growth use program, Open Space use program, Farmland use program, and Working Waterfront use program.

The Maine Constitution also includes provisions around municipal reimbursement requirements. A municipality's lost tax revenue associated with property tax exemptions or credits enacted by the Legislature after April 1, 1978, must be reimbursed at a rate of at least 50 percent in accordance with Article IV, section 23. In addition, Article IX, section 21 provides that any State statute that results in a requirement that a local unit of government expand or modify its activities to necessitate additional expenditures from local revenues must be reimbursed 90 percent by the State, unless the Legislature votes to establish an exemption by a two-thirds vote of the elected membership of each chamber. The Constitution does not require municipal reimbursement for current use programs. The Legislature, though, has established various real estate property tax exemptions in statute and some of those programs require municipal reimbursement in accordance with Article IX, section 21 and Article IV, section 23.

How Property Tax Rates are Determined - Municipalities

The nearly 500 municipalities in Maine are authorized to raise or appropriate money for any public purpose. Specific statutorily authorized municipal costs include operating expenses, public works, schools and libraries, health and welfare, and development.[25] Municipalities raise these funds through the property tax. Assessment of property taxes is established when the municipality's legislative body votes in favor of the amount to be raised at a meeting legally called and noticed. The city or town council or the voters at a town meeting approve the budget and set various parameters including a commitment date, the date that property tax payment or payments will be due, and the interest rate applicable to delinquent taxes.[26] In its presentation to the Task Force, Maine Municipal Association noted that 87 percent of Maine's municipalities

[24] *See* Title 36 of the Maine Revised Statutes section 327, which states that a municipality's minimum assessment ratio shall be 70% and should not exceed 110% of its just value.
[25] *See* Title 30-A of the Maine Revised Statutes section 5721.
[26] *See* Title 36 of the Maine Revised Statutes section 505.

finalize budget decisions through an annual town meeting, and commented that this illustrates that residents are deciding what priorities are best for their communities.[27]

Unlike taxes such as income tax and sales tax, property taxes are determined by first identifying the amount that needs to be raised, as determined by the governing body of the municipality. The amount to be collected is based on three primary categories: municipal costs, county costs, and school funding costs.[28] The municipal assessor is annually responsible for determining the total taxable value of all the real and personal property in the municipality. Once the amount to be raised and the total taxable value of property within the municipality have been determined, the tax rate, often reported as a mill rate, can be established. The taxable value of each property, in conjunction with the established mill rate, is how the tax burden is apportioned and how the tax amounts for each property are determined. Once the amount to be raised and the total taxable value of property within the municipality has been determined, the tax rate, often reported as a mill rate, can be established.[29]

Municipal Costs

Municipal budgets include costs for governmental services that are required to be administered at the local level, such as the processing of motor vehicle and boat registrations, the issuance of hunting and fishing licenses and vital records, and various other functions. It was noted by a municipal representative on the Task Force that the fees for administrative functions performed at the town level may not be sufficient to cover the costs of the wages and benefits for the employees responsible for doing that work. In addition to these types of services, state law also requires certain positions or services be maintained and provided at the municipal level, such as animal control officers, town clerks, E-911 addressing, and motor vehicle services. Municipalities are also responsible for functions such as road maintenance and local elections and may offer other services including recreational opportunities or community events. Maine Municipal Association stressed to Task Force members that the partnership between the State and local governments, where the State relies on municipalities to implement state policies and programs, which are often an integral part of services provided to residents, relies on municipal human resources and that property taxpayers almost entirely bear those costs.

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[27] *See* Maine Municipal Association presentation dated September 30, 2025, available here: https://legislature.maine.gov/doc/12045.

[28] Other than property taxes, municipalities also receive revenue locally through motor vehicle & boat excise taxes, license & permit fees, service/user fees, impact fees, fines, interest, and donations. Not included in this report, the state also provides revenue to municipalities through General Assistance Reimbursement, Local Road Assistance Program, and Federal and State grants. Almost all of these funds are tied to a specific use, are reimbursing funds already spent for a specific purpose, or may require matching funds to access. Any revenue a municipality receives is subtracted from the total budget before determining the total to be raised by taxes.

[29] One mill is the amount of tax on $1,000 of property value. If the tax rate is 0.02 than the mill rate would be 20, or $20 for every $1,000 of property value.

County Costs

Although a greater number of services are provided by municipalities, the Maine Constitution provides that Maine's county governments are responsible for the provision of certain services, the costs of which are borne by the communities within the county. Municipalities within a county must account for their portion of their county's budget, whose budget costs include services such as law enforcement and jails, the registry of deeds, and the registry of probate. Unlike at the municipal level, property taxpayers within a municipality are not able to directly vote on their county's budget. According to Tim Curtis, the County Administrator for Somerset County, who presented to the Task Force at its second meeting, the majority of the costs in county budgets are associated with public safety, specifically, law enforcement and jails. Mr. Curtis explained that jail costs are driving the county cost portion of mill rates in the State. Between fiscal year 2025 and fiscal year 2026, state-wide county jail budgets increased approximately 9 percent.[30] He noted that county jails have an average daily population of 1,700 individuals and, as jails are holding individuals for longer periods of time, the costs associated for medical care are increasing. Some counties have taken steps to combine services across counties, or are exploring options to do so, in order to reduce costs and increase efficiencies. Jail costs are an ongoing issue that was considered by the Joint Standing Committee on Criminal Justice and Public Safety in the First Special Session of the 132nd Legislature. Resolve 2025, chapter 73, which the Task Force reviewed at its third meeting, directs the County Corrections Professional Standards Council to review information regarding the share of state funding for the County Jail Operations Fund and county and regional jail compliance with certain statutory requirements or rules. In conducting this review, the Council must, among other things, review any unfunded mandates related to county and regional jails and examine future needs for state support for county and regional jail operations. The Council must submit a report, including any recommendations and proposed legislation, to the Criminal Justice and Public Safety Committee by January 15, 2026. In light of the ongoing work in this area, the Task Force believes that the Tax Committee should consider the results of this review in its work this coming session. See Recommendations #8 and #10 in Section III for additional discussion.

School Funding Costs

Finally, school funding is, for most municipalities, the largest cost for which real estate property taxes are used. Although the state now pays 55 percent of the costs for essential programs and services for K-12 education, that percentage is for the statewide cost of education; each community does not receive 55 percent of their education costs. The formula governing how that 55 percent is allocated to the numerous school communities around the state is complex and a municipality's valuation plays a role in that formula. Additionally, some communities may vote to raise and appropriate more than the required minimum local contribution for educational programs and services. The Task Force acknowledges the significant weight that educational funding places on property taxpayers and understands the degree to which costs of education and property tax relief are related. The Task Force was provided a brief overview of the current work being conducted by the Legislature regarding educational funding, including a summary of relevant pieces of the Maine Education Research Policy Institute's (MEPRI) report pursuant to

[30] *See* Tim Curtis's presentation to the Task Force dated September 30, 2025, available here: https://legislature.maine.gov/doc/12045.

Resolve 2023, chapter 164, reviewing general purpose aid for local schools and components of the essential programs and services funding formula that have been identified as driving inequity within the formula. This report resulted in Resolve 2025, chapter 84 which directs Maine Department of Education to simulate the impacts that certain parameters proposed by MEPRI as directed in the Resolve would have had on fiscal year 2026 school funding allocations, including the impact of all parameters combined on, among other things, statewide mill rate expectation and local and state share percentages of the essential programs and services estimated cost of education in each school administrative unit. A final report of the results of the simulations is due to the Joint Standing Committee on Education and Cultural Affairs by January 15, 2026.[31] See Recommendation #8 in Section III for additional discussion.

Taxable Property

The other component of the property tax rate equation is the total taxable valuation within a municipality. Each municipality is responsible for assessing all property within its boundaries – both real and personal property. Municipalities have choices when it comes to choosing an assessor: a full-time staff member, a contract assessor, or an assessing agent. Costs for assessment vary widely depending on the size of the municipality, chosen assessment methods and the frequency with which the municipality performs revaluations. For example, some municipalities are able to conduct more frequent revaluations, even annually, by using statistical analysis due to the availability of sufficient recent valuation data and full-time staff. Other municipalities, however, with limited or part-time staff have difficulty conducting more frequent revaluations. Maine Municipal Association noted that some communities are doing revaluations more often than others. Frequent revaluations avoid sudden large increases in a property's assessed value, as increases in property values are likely to be spread out over time. In addition, as previously noted, the amount of the homestead exemption to which a taxpayer may be entitled is based on the municipality's certified ratio.

The process of assessing the total taxable value of all real estate property in the municipality, completed by an assessor, includes discovering all land, building, and personal property in the municipality, assessing the just value of these properties, per the Maine Constitution and in accordance with state statute,[32] and determining depreciation. Although Maine Revenue Services is responsible for assessor training and certification, which is governed by a set of assessing standards, the Task Force learned that the process for conducting property tax assessments varies. Some municipalities use computer assisted mass appraisal technology, which Lewis Cousins, an assessor from Presque Isle who presented to the Task Force at the second meeting, noted was the most efficient mechanism. Many smaller municipalities, however, may not have the resources for such technology and use more manual processes. For determining the just value of buildings, many assessors begin with the replacement costs for the structure and then depreciate to get to the current value, taking into consideration aspects of the building and how it has been maintained. They also consider factors outside of the property itself, such as location and how other properties in proximity may impact the property's value. Mr. Cousins explained that decisions regarding revaluations are made by municipal officials and

[31] For more information regarding these reports, see the Task Force materials from the third meeting available at: https://legislature.maine.gov/doc/12063.
[32] *See* Title 36 of the Maine Revised Statutes section 701-A.

that the importance of frequent revaluations, and their impact on the municipality's certified ratio, may not always be completely understood.

In addition to real property, a municipality is also required to assess personal property for the purposes of taxation. Personal property is defined to include all tangible goods and personal possessions and all vessels, regardless of where these things are located.[33] There are many exemptions to personal property provided in statute.[34] The general rule for personal property is that if the property is subject to excise tax, it is not subject to personal property tax – this includes items such as motor vehicles and boats. Importantly, personal property does not include property valued at $1,000 or less, unless it is used for industrial or commercial purposes. Taxable personal property is often property used in the operation of a business. To reduce the burden of this tax and encourage economic development within the State, the Legislature established two property tax relief programs related to eligible business equipment: first the Business Equipment Tax Reimbursement program and later the Business Equipment Tax Exemption program – both programs are currently active.[35] Although personal property taxation is used in the calculation of the total valuation of a municipality's property, and can be of significant concern for many businesses and business owners in the State, the Task Force is charged with specifically examining real property and therefore did not focus on personal property taxes or their related exemption or relief programs.

Once the amount to be raised by the municipality and the total taxable valuation of a municipality, including both real and personal property, has been determined, the property tax rate can be calculated by dividing the amount to be raised by the total taxable valuation of property in the municipality. This results in the tax rate, which is often expressed as a mill rate, or the amount due per every $1,000 of a property taxpayers assessed value. When a municipality sees an increase in the total taxable value of property within its borders it does not necessarily mean that an individual property taxpayer will see an increase in their property tax liability; if costs in a municipality have not changed, an increase in a municipality's valuation will result in a lower mill rate. Mill rates vary across the state for many reasons. For example, economic growth within a municipality provides for new construction and more properties subject to assessment. If growth outpaces municipal costs, the mill rate can be reduced. On the other hand, the mill rate in a municipality may go up due to increases in the amount and value of exempt property or property eligible for relief programs within the community, increases in the amount, quality, or cost of services, or increases in the municipality's obligations to county and school funding. As previously noted, due to the COVID-19 pandemic, Maine saw an increase in residential property values and a decrease in commercial property values – this, combined with an overall increase in costs that are paid by municipalities, resulted in a greater burden on many residential property taxpayers.

After determining a municipality's mill rate, as well as the just value of a taxpayer's property and any adjustments for exemptions or current use, a taxpayer is issued a property tax bill. Many

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[33] *See* Title 36 of the Maine Revised Statutes section 601.
[34] *See* Title 36 of the Maine Revised Statutes section 655.
[35] *See* Title 36 of the Maine Revised Statutes sections 691-700-B and 6651-6663.

taxpayers pay their property tax bill either annually or twice a year.[36] Very few municipalities offer the taxpayer the opportunity to make quarterly or monthly payments. When discussing options for establishing more frequent payments for property taxes, the Task Force learned that existing Maine law[37] allows municipalities to establish "tax clubs" which can allow for the payment of property taxes on a monthly basis. According to data compiled by PPI and presented to the Task Force during the fourth meeting, in 2024, only 37 municipalities offered an option that allowed property tax payments to be spread out over seven or more months. Ronald Rakow, from the Lincoln Institute, encouraged the Task Force to examine ways to encourage a move towards monthly payments, which is consistent with how taxpayers likely pay other bills. Mr. Rakow noted that many homeowners cannot afford to pay an annual or semiannual property tax bill out of their monthly budget, and this leads to an increase in the risk of property tax delinquency, feeds political opposition to property tax, and erodes municipal fiscal health. An option for providing for more frequent payments could be in the form of either prepayment, where funds accumulate in an escrow account, and is currently allowed in at least 16 other states,[38] or as monthly installment payments. The Task Force believes that municipalities permitting monthly property tax payments would be a benefit to taxpayers in the State and, while not reducing property tax amounts, might ease the burden for some. See Recommendation #2 in Section III of the report for additional discussion.

How Property Tax Rates are Determined – Unorganized Territories

In addition to nearly 500 municipalities, Maine is also comprised of 429 townships across approximately 10.4 million acres in the Unorganized Territories (UT) with around 9,000 year-round residents and 25,000 tax bills. The Legislature is considered the governing body for the UT, and the property tax process is slightly different than that used by municipalities. A UT taxpayer's bill includes three parts: costs for county services which are approved by the county commissioners where the UT is located, including costs for roads and bridges, fire protection, policing, and plowing; costs for State of Maine UT services, which includes education, general assistance, and tax collection; and the UT portion of the county budget, which municipalities are also required to pay. Maine Revenue Services establishes the mill rate for each of the UT counties. Harold Jones, Fiscal Administrator of the Unorganized Territory, presented to the Task Force at its second meeting and emphasized the differences between municipal and UT expenses. For example, the transportation and education costs for students in the Unorganized Territories are pooled across all the UT. Additionally, unlike municipalities, the UT do not receive general-purpose aid for any of the students.[39] The remoteness of some of these communities increases the costs associated with providing services, and Mr. Jones noted that there has been an increase in year-round residents and, with that, an increase in the need for year-round services. He encouraged the Task Force to consider the UT when making its recommendations.

[36] Many taxpayers who have a mortgage make payments in escrow for their property taxes, which are then paid by the mortgage company when the bill is due – most often annually or biannually.
[37] *See* Title 36 of the Maine Revised Statutes section 505, subsection 2.
[38] *See* Lincon Institute of Land Policy presentation to the Task Force dated October 24, 2025, available here: https://legislature.maine.gov/doc/12063.
[39] For more detailed information regarding the Unorganized Territories, see Harold Jones's presentation to the Task Force dated September 30, 2025, available here: https://legislature.maine.gov/doc/12045.

D. Current Use Programs, Exemptions, and Relief Programs – State Level

There are several types of either full or partial property tax exemptions in the state that promote certain policy goals the state has deemed important, including to provide "fairness," or to encourage desired uses of land. The lost property tax revenue from these programs is sometimes partially reimbursed by the state and sometimes not reimbursed. The Task Force found that certain municipalities, including service centers, 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. For the amounts not reimbursed by the State, there is no pathway for municipalities to collect revenue for the services that they still provide to nontaxable properties, such as public safety and road maintenance.

Although current use programs, exemptions, and relief programs offer tax relief to certain types of properties or targeted groups of individuals, members noted at several of their meetings that these types of programs do not equate to less of an overall tax burden. Instead, the tax burden is shifted onto all taxpayers, whether through property taxes or through other taxes, such as income tax or sales tax. The balancing of the State's policy goals and relief efforts with the desire to ensure that municipalities have a sufficient tax base was something that the members acknowledged at multiple meetings. The members learned that some of the existing programs are complex and require municipalities to process additional paperwork and complete specialized training, among other things, and in some cases the programs are only used by a small percentage of taxpayers within a community. As municipalities are responsible for administering these programs, including, in the case of current use programs, processing applications and any recertification requirements, the Task Force recommends the examination of exemptions and current use programs to evaluate whether these exemptions and programs continue to meet the purposes for which they were established and are efficient to administer at the local level. See Recommendation #6 in Section III for additional discussion.

Current Use Programs

Current use property tax programs exist in most states, including Maine. To encourage certain uses of property, the Maine Constitution provides four property tax programs based on the current use of the property, rather than on the property's highest and best use. These programs were established to support rural economies, communities, and landscapes; to maintain rural land use patterns; and to reduce pressure to divide and develop "working lands." Under these programs, the property is either assessed at full value and then reduced by the program's allowable percentages or assessed at a reduced rate. These constitutionally established current use programs include the Tree Growth use program, Open Space use program, Farmland use program, and Working Waterfront use program. Each current use program is administered by the local tax assessor and has conditions governing eligibility and penalties for terminating participation in the program that are established in statute and apply statewide. These programs require long-term commitments to maintain the land use and may not be a fit for all landowners. These programs are not subject to a constitutional requirement for the State to reimburse municipalities for the lost revenue, as the programs are established in the Maine Constitution.

The Tree Growth use program provides for valuation of land based on its current use as forest land.[40] The purpose of the program is to encourage forest landowners to keep their lands as active forest lands, instead of developing those lands. In order to qualify, a property owner must have a minimum of 10 forested acres and the forest land must be used primarily for growth of trees to be harvested for commercial use. All other land on that parcel that is not classified as forest land is assessed at just value. The per acre rates for the different types of forest land by county is set by Maine Revenue Services each year. These rates are based on harvesting data from the Department of Agriculture, Conservation and Forestry. Persons in the program must file updated applications, including forest management and harvest plans, with their local assessor every 10 years. A penalty is assessed when a property owner withdraws land from the program which is equal to the greater of the difference between taxes that were assessed and the taxes that should have been assessed for the prior five tax years, plus interest, or the difference between full just value of the forest land and the Tree Growth value, times a percentage based on the number of years in the program. The Tree Growth use program has a statutorily established reimbursement mechanism that sets reimbursement to municipalities at 90 percent of the tax lost by the municipalities as a result of having property in the Tree Growth program.[41] In fiscal year 2025, reimbursement for the Tree Growth program was just over $12 million.[42] Unlike for property in municipalities, property in the Tree Growth use program in the Unorganized Territories is not reimbursed to the county. In fiscal year 2023, the statewide total valuation of property in the Tree Growth use program was over $659 million.[43]

The Open Space use program provides for valuation of land based on its current use as open space land.[44] The program was adopted to encourage the preservation of open space and to protect that land from competing, higher-valued uses. To qualify for the Open Space use program, land must be preserved or restricted to uses providing a public benefit; there is no size requirement. The factors considered when determining if the property would provide a public benefit are numerous and varied.[45] The program allows for a reduction of between 20 percent and 95 percent in the value of qualifying open space land depending on its classification, which include ordinary, public access, permanently protected, forever wild, and managed forest. The same penalty applies as under the Tree Growth use program if a property owner withdraws that property from the Open Space use program. There is no reimbursement to municipalities for property in the Open Space use program and, in fiscal year 2023, the statewide total valuation of property in the program was just under $214 million.[46]

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[40] *See* Title 36 of the Maine Revised Statutes chapter 105, subchapter 2-A.
[41] *See* Title 36 of the Maine Revised Statutes section 578.
[42] *See* Maine Revenue Services presentation dated September 12, 2025, including for FY2018 – FY2025 amounts, available here: https://legislature.maine.gov/doc/12044.
[43] *See* materials from meeting #1 for the 2023 Municipal Valuation Return Statistical Summary, available here: available here: https://legislature.maine.gov/doc/12044.
[44] *See* Title 36 of the Maine Revised Statutes chapter 105, subchapter 10.
[45] *See* MRS presentation from meeting #1 for a list of public benefit factors considered when determining if a property qualifies for the Open Space use program and the reductions that apply to each classification of open space, available here: available here: https://legislature.maine.gov/doc/12044.
[46] *See* materials from meeting #1 for the 2023 Municipal Valuation Return Statistical Summary, available here: https://legislature.maine.gov/doc/12044.

The Farmland use program provides for valuation of land based on its current use as farmland.[47] The program was adopted to encourage the preservation of farmland, to maintain a readily available source of food and farm products, and to protect that land from competing, higher-valued uses. The program allows the valuation of farmland to be based on its current use as farmland and is set by the municipality based on state recommendations and recent sales. This reduced land value results in lower property tax bills for owners of farmland and is designed to act as an incentive to preserve Maine's farming community. To qualify, a person must have five contiguous acres, although not all of that must be farmland. The farmland must generate a gross income of at least $2,000 per year from the sale of agricultural products in one of the two, or three of the five, previous years. Persons in the program are required to recertify every two years. The land remains classified as farmland, even if it is sold, until it is withdrawn or transferred to another eligible current use program. The penalties for withdrawal from this program vary depending on whether the property was transferred from the Open Space or Tree Growth use programs. If so, and it has been less than 10 years, the penalty is the same as for Tree Growth. If not, then the penalty is the difference between taxes paid and the taxes that should have been paid for the last five years. The penalty may be repaid over five years. There is no reimbursement to municipalities for property in the Farmland use program. In fiscal year 2023, the statewide total valuation of property in the Farmland use program was over $64 million.[48]

The Working Waterfront use program provides for valuation of land based on its current use as working waterfront and was established to encourage the preservation of these areas for that purpose.[49] Working waterfront land means a parcel or portion of a parcel that fully or partially abuts water to the head of tide or land located in the intertidal zone that is used primarily or predominantly for commercial fishing activities or to provide access for commercial fishing activities; there are no size requirements. The program allows for a reduction of between 20 percent and 70 percent in the value of qualifying working waterfront land. The penalty to withdraw property from the Working Waterfront use program is the same as the penalty under the Tree Growth use program, although a property owner may delay penalty repayment for up to two years if the owner is unable to pay. There is no reimbursement to municipalities for property in the Working Waterfront use program and, in fiscal year 2023, the statewide total valuation of property in the program was just over $15 million.[50]

Exemptions for Certain Types of Property

The Legislature has also established a number of statutory exemptions for certain types of property, including: property of the United States Government, property of the State, and quasi-state properties; certain quasi-municipal property; benevolent and charitable organizations; literary and scientific institutions; and a handful of other miscellaneous real property

[47] *See* Title 36 of the Maine Revised Statutes chapter 105, subchapter 10.
[48] *See* materials from meeting #1 for the 2023 Municipal Valuation Return Statistical Summary, available here: available here: https://legislature.maine.gov/doc/12044.
[49] *See* Title 36 of the Maine Revised Statutes chapter 105, subchapter 10-A.
[50] *See* materials from meeting #1 for the 2023 Municipal Valuation Return Statistical Summary, available here: available here: https://legislature.maine.gov/doc/12044.

exemptions.[51] These exemptions may require the State to reimburse municipalities under the Maine Constitution, Article IX, section 21 and Article IV, section 23.

At multiple Task Force meetings, members discussed how the property tax exemptions described above can have a greater impact on certain municipalities than others depending on the total taxable property available to the municipality and the value of property eligible for these exemptions. Although exempt from property taxes, these properties still require municipal services, and in some cases, the property itself may offer a service that results in a disproportionate use of or need for town services; however, the municipality has no way to require payments for services provided such as public safety or road maintenance. Conversely, entities with tax exempt properties may provide services to the community that would otherwise be the responsibility of the municipality. Some entities entitled to statutory exemptions make payments in lieu of taxes to compensate the municipality for at least a portion of the revenue lost because of the exemption. At the Task Force's second meeting, Tim Curtis explained that, in Somerset County, the Federal government makes payments in lieu of taxes for federal conserved lands (50 percent) and the Nature Conservancy provides payments in lieu of taxes (100 percent) in Somerset County UT. Members considered whether a recommendation related to requiring payments in lieu of taxes by entities benefiting from these exemptions, including the State, would be appropriate. At the Task Force's fourth meeting, members specifically discussed property tax exemptions for nonprofits and Mary Alice Scott, representing the Maine Association of Nonprofits, suggested that organizations should work directly with municipalities to establish these arrangements. She noted, however, that for nonprofits, any payments in lieu of taxes take away funds from the services these organizations provide to the communities they serve. Due to the scope and complexity of these exemptions, a majority of the Task Force declined to recommend mandating payments in lieu of taxes; however, they unanimously supported additional consideration of whether these exemptions continue to meet the purposes for which they were established. See Recommendation #6 in Section III for more discussion.

Exemptions and Relief Programs for Individual Taxpayers

For individual taxpayers, the Legislature has established certain statutory exemptions and relief programs that target specific groups. These include the homestead exemption, veterans' exemption, blind exemption, property tax deferral program, and the Property Tax Fairness Credit.

The homestead exemption[52] allows for the exemption of $25,000 from the just value of a residential property that a permanent resident of this State has owned and occupied as their primary residence for the preceding 12 months. For many taxpayers, however, the actual reduction amount will be less than $25,000 as it is subject to the municipality's certified ratio. Municipalities are reimbursed 76 percent of the tax revenue lost because of this exemption; in fiscal year 2025, the State reimbursed municipalities just over $85 million.[53] Task Force

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[51] *See* Maine Revenue Services presentation from meeting #1for a more detailed list of statutory exemptions, available here: available here: https://legislature.maine.gov/doc/12044.
[52] *See* Title 36 of the Maine Revised Statutes sections 681-689.
[53] *See* materials from meeting #1 for the 2023 Municipal Valuation Return Statistical Summary, available here: https://legislature.maine.gov/doc/12044.

members noted the broad applicability of the homestead exemption and that it benefits permanent residents. As residential property values have increased, especially in the last five years, the homestead exemption, which was last increased by the Legislature in 2019[54] has otherwise remained unchanged. At the final Task Force meeting, PPI shared some preliminary analysis, including modeling the impact on taxpayers and the State had the homestead exemption been indexed to house prices since 2020. PPI found that this would have resulted in a 1.14 percent reduction in the average property tax bill for homeowners in 2024 with a cost to the State of $39 million dollars.[55] While some members felt that this was too small of a benefit to homeowners, given the cost to the State, a majority of the Task Force believes that if the homestead exemption were to be changed, it should be increased to account for inflation. See Recommendation #5 in Section III for additional discussion.

The Task Force also discussed whether the State should increase the homestead exemption reimbursement amount. Some members felt that this would be a less targeted approach as compared to other uses of State funds as the reimbursement would reduce municipal costs, resulting in a lower mill rate for *all* property taxpayers – not just residents or those with lower incomes. Others noted that the erosion of the tax base without corresponding municipal reimbursement exacerbates pressure on municipal budgets. After significant discussion, a majority of the Task Force supports increasing municipal reimbursement for the homestead exemption, if the homestead exemption itself is increased. See Recommendation #9 in Section III for additional discussion.

The veterans' exemption[56] provides for an exemption from taxation of up to $7,000 in value for qualifying veterans. The State reimburses municipalities with a percentage, generally 50 percent, of the lost tax revenue due to the application of portions of this exemption, as some aspects of the exemption were enacted prior to April 1, 1978. In 2023, the total number of veteran exemptions was 37,077, with a total value of veteran exemptions at just over $211 million. [57]

The blind exemption[58] provides for an exemption from taxation of up to $4,000 in value for qualifying taxpayers who are legally blind as determined by a properly licensed Doctor of Medicine, Doctor of Osteopathy, or Doctor of Optometry. In 2023, the total valuation for the blind exemption was just under $9 million. [59]

The property tax deferral program[60] was reestablished by the Legislature in 2021, after being discontinued for a period of time. While this program does not exempt any portion of a

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[54] *See* Public Law 2019, chapter 343.
[55] *See* PPI materials from the December 16, 2025, Task Force meeting available here: https://legislature.maine.gov/doc/12152.
[56] *See* Title 36 of the Maine Revised Statutes section 653.
[57] *See* materials from meeting #1 for the 2023 Municipal Valuation Return Statistical Summary, available here: https://legislature.maine.gov/doc/12044.
[58] *See* Title 36 of the Maine Revised Statutes section 654-A.
[59] *See* materials from meeting #1 for the 2023 Municipal Valuation Return Statistical Summary, available here: https://legislature.maine.gov/doc/12044.
[60] *See* Title 36 of the Maine Revised Statutes sections 6250-6266.

residential taxpayer's real property from taxation, it does allow a qualifying individual to postpone the payment of property taxes, subject to the accrual of interest, on the individual's homestead until the individual passes away, sells the property or moves. To be eligible, the taxpayer must be at least 65 years of age or unable to work due to disability and must meet certain income and asset limitations. Applications, which are made to the municipal assessor, are forwarded to Maine Revenue Services for review and approval or denial. Maine Revenue Services pays the qualifying taxpayer's real estate property taxes to the applicable municipality during the deferral program and places a lien on the property. In fiscal year 2025, the State paid just over $729,000 to municipalities for properties within this program.[61]

The Legislature also established a refundable property tax credit, known as the Property Tax Fairness Credit, which is Maine's circuit breaker program. This credit provides targeted property tax relief or rent relief to eligible Maine taxpayers by allowing them to receive a credit for a portion of the property tax or rent paid during the tax year on their Maine income tax return, regardless of whether they owe Maine income tax or not. To be eligible an individual must be a Maine resident at any point in the applicable tax year; have owned or rented a home in Maine and lived in that home during the year as a primary residence; have paid property tax or rent on that primary residence; and meet certain income and property tax or rent paid limitations during the tax year. Additionally, to claim the credit, that individual must file an income tax return, even if they do not owe Maine income tax that year. As of January 1, 2024, the credit may be up to $1,000 for eligible taxpayers under 65 years of age and up to $2,000 for those over 65 years of age. In presentations to the Task Force, NCSL, the Lincoln Institute, and PPI each identified this type of program as one of the best property tax relief programs available. Due to the timing of the tax credit, however, it only provides relief after the property tax payment has been made by the taxpayer for the year. This can lead to a disassociation between the relief and the property tax payment. The Task Force agreed that the Property Tax Fairness Credit provides the most targeted relief to individuals who may not be able to afford their property taxes and considering changes to this program may be the best way to provide targeted property tax relief. See Recommendation #4 in Section III for additional discussion.

Exemptions and Relief Programs for Personal Property

Similar to real estate property tax relief programs, the Legislature has also established relief programs for certain personal property to support desirable economic or other development. These include the business equipment tax exemption and tax reimbursement programs and the renewable energy equipment exemption.[62]

The Business Equipment Tax Reimbursement Program (BETR) was established in statute in 1995 to encourage business capital investment. Under the program, the State reimburses businesses for property tax paid on eligible equipment. The rates for reimbursement begin to decline from 100 percent after 12 years until reaching a 50 percent reimbursement at 18 years or

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[61] *See* materials from meeting #1 for the 2023 Municipal Valuation Return Statistical Summary, available here: https://legislature.maine.gov/doc/12044.

[62] The Task Force did not receive additional information regarding the renewable energy equipment exemption. See Title 36 of the Maine Revised Statutes subsection 655, subsection 1, paragraph U and section 656, subsection 1, paragraph K for more information.

more. The program applies to business equipment placed in service between April 1, 1995, and April 1, 2007. The amount of reimbursement has been declining over time due to aging equipment. In 2024, there were 748 refunds under the program that reimbursed just over $17.5 million.[63]

In 2006, the Legislature enacted the Business Equipment Tax Exemption program (BETE), which took effect April 1, 2008. BETE provides a 100 percent exemption from personal property tax for eligible equipment for qualifying businesses. BETE is not a replacement for BETR, which continues for retail businesses and for equipment placed in service prior to April 1, 2007. An annual application to the local assessor is required and the local assessor is responsible for determining equipment eligibility and applying depreciation, to which the municipality's certified ratio must be applied. A municipality is reimbursed by the State for at least 50 percent of lost tax revenue.[64] A municipality may be eligible for enhanced BETE reimbursement based on the personal property factor. This is a mathematical equation that adds the value of all taxable personal property to the value of all exempt business equipment and then divides that number by the value of all taxable property. If the personal property factor is greater than 5 percent, the enhanced reimbursement applies. The amount of reimbursement for BETE and enhanced BETE has been steadily increasing; in 2024, the value of exempt property was just over $7 billion, and the total reimbursement was just under $69 million.[65]

Although not directly related to the duties of the Task Force in examining real estate property tax relief, the Task Force considered these programs as a part of the big picture. These programs, just like the current use programs and exemptions for real estate property tax shift the tax burden, in this case, toward residential property owners. This is of particular concern as the property tax burden is being felt increasingly by residential property owners as the value of commercial properties has declined since the COVID-19 pandemic. Additionally, any exemption or relief effort shifts the tax burden, it does not reduce it. These programs can also be administratively burdensome and can take up additional resources and manpower. Nevertheless, like Maine's residential property tax relief programs, these programs were created to serve a specific purpose which the Legislature has determined is of value.

During presentations on current use programs and property tax exemptions, the Task Force heard complaints related to the administration of some of these efforts and compliance by taxpayers, with some expressing concern that certain programs are being misused by taxpayers. This is why the Task Force is recommending establishing working groups to examine property tax exemptions and current use programs, which should include examining those exemptions related to personal property as well. See Recommendation #6 in Section III for additional discussion.

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63 *See* Maine Revenue Services presentation to the Task Force dated November 13, 2025, available here: https://legislature.maine.gov/doc/12097.
64 *See* Title 36 of the Maine Revised Statutes section 694, subsection 2.
65 *Ibid.*

E. Relief Programs – Municipal Level

The Maine Constitution Article IX, section 9 provides that the Legislature shall not suspend or surrender the power of taxation, which has been interpreted to prohibit municipalities from developing their own property tax relief programs. The Legislature has, however, statutorily authorized municipalities to establish by ordinance certain property tax relief programs. These programs are the municipal stabilization and deferral programs, the senior volunteer program, the municipal property tax assistance program, and the municipal veterans' assistance program. Although only anecdotal, Maine Revenue Services noted during its property tax overview presentation at the first meeting, that despite these programs not being eligible for state reimbursement, an increasing number of towns are adopting ordinances to implement these programs.

F. Indirect Property Tax Relief

In addition to the specific property tax relief programs that provide direct tax relief to the taxpayer, the State also provides indirect relief through the General Fund.[66] The State funds 55 percent of K-12 Essential Services and Programs cost through the General Fund (see Table 2, below).

		Budgeted Appropriations and Allocations								Budget	
		2018	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**
General Purpose Aid For Local Schools	General Fund	1,021,684,127	1,097,892,644	1,142,663,155	1,207,777,019	1,299,988,114	1,335,940,626	1,376,441,847	1,417,216,737	1,481,695,043	1,510,394,275
General Purpose Aid For Local Schools	OSR-Casino	17,818,062	17,994,222	21,295,290	21,508,243	22,972,114	23,618,696	24,721,192	23,431,046	24,215,919	24,906,334
Teacher Retirement (UAL)	General Fund	129,421,735	132,980,833	174,530,365	179,329,950	194,654,439	200,007,436	214,917,737	220,827,975	232,240,022	238,626,623
Retired Teachers' Health Insurance	General Fund	40,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	48,268,715	48,268,715	48,268,715	48,268,715
		1,208,923,924	**1,293,867,699**	**1,383,488,810**	**1,453,615,212**	**1,562,614,667**	**1,604,566,758**	**1,664,349,491**	**1,709,744,473**	**1,786,419,699**	**1,822,195,947**

Table 2 (source: Maine Revenue Services)

The State also sends 5 percent of sales, service provider, and personal and corporate income tax receipts to municipalities through revenue sharing to help fund municipal services that would otherwise be funded by property tax revenue (see Table 3, below).

		Actual								May 1, 2025 RFC Revenue Forecast	
		2018	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**
Revenue Sharing		69,338,529	74,095,532	113,613,360	156,047,730	232,362,929	263,395,959	260,093,499	278,823,748	274,529,824	281,633,806
			6.9%	53.3%	37.3%	48.9%	13.4%	-1.3%	7.2%	-1.5%	2.6%

Table 3 (source: Maine Revenue Services)

III. RECOMMENDATIONS

At its final meeting of 2025, the Task Force reviewed and took final votes on recommendations made by Task Force members. All recommendations are unanimous unless otherwise noted.

[66] For additional information regarding the historical and current indirect property tax relief program funding and impacts, see the materials provided by Maine Revenue Services at the Task Force's September 19, 2025 meeting, available here: https://legislature.maine.gov/doc/11953.

Recommendation related to Task Force process

Recommendation 1: The Task Force recommends that the Taxation Committee submit legislation to amend Resolve 2025, chapter 108, to explicitly authorize the Real Estate Property Tax Relief Task Force to hold up to six additional meetings in 2026.

Resolve 2025, chapter 108 which established the Task Force authorizes the Task Force to meet no more than eight times. The Task Force held six meetings during 2025 and, while the members received a significant amount of information related to real estate property taxes and used their time for productive discussions, the members believe that the Task Force will need more than two additional meetings in 2026 to complete their duties. Additionally, the Task Force will receive a final report from Progress and Poverty Institute in May of 2026. The members anticipate that authorizing eight meetings in 2026 will ensure they have the opportunity to focus on specific recommendations, informed by the data and analysis provided by PPI, as well as to solicit public comment regarding specific issues the Task Force is charged with considering.

Recommendations related to municipal administration and taxpayer education

Recommendation 2: The Task Force recommends that the Taxation Committee, in consultation with Maine Municipal Association and other municipal representatives, identify burdens associated with and streamline the process for municipalities to allow taxpayers to make monthly real estate property tax payments directly to the municipality.

At each of their meetings, Task Force members considered the challenges that real estate property tax bills place on Maine taxpayers. While the Task Force's work involves discussion of ways to provide relief to reduce the amount for which a taxpayer is responsible as well as the factors that contribute to increases in real estate property tax bills generally, Task Force members felt that allowing taxpayers the option to make more frequent payments of real estate property taxes could make these payments more manageable. The Lincoln Institute's presentation to the Task Force supported this reasoning: large bills due in a lump sum can make budgeting more challenging and allowing for payments to be spread out, without interest or penalties, could be a useful option for some taxpayers. The members noted that there may be challenges in implementing and administering programs to allow for more frequent payments ("tax clubs") and more information, including receiving feedback from municipal representatives, would be necessary to identify burdens in the process. The Task Force recommends that the Taxation Committee solicit municipal feedback regarding burdens that may exist with establishing and administering "tax clubs" and determine if legislative changes could make tax clubs more accessible to interested municipalities.

Recommendation 3: The Task Force recommends that the Taxation Committee, in consultation with Maine Municipal Association and other municipal representatives, consider methods to increase the communication of information to taxpayers about property tax relief programs including, but not limited to, through the provision of informational inserts in real estate property tax bills. The Task Force recommends that the Committee ensure that it considers methods that provide property tax relief information to renters and other eligible individuals who may not receive a real estate property tax bill.

As discussed in Section II, there are a variety of real estate property tax relief programs offered by the State as well as by municipalities – some of these programs are targeted to help specific types of taxpayers and some programs are available more broadly. Relief programs, however, are only effective if taxpayers use them, and the Task Force members repeatedly shared concerns that there may be a lack of education regarding these relief programs. This concern was reinforced by a member of the public who submitted written comment regarding the State Property Tax Deferral Program and noted that in speaking to many members of their community, none were aware of the existence of the Program. The Task Force members believe that providing more communication to taxpayers, including those who may not directly receive a real estate property tax bill, such as renters who may be eligible for the Property Tax Fairness Credit, is an important step to increase usage of existing relief programs.

Recommendation related to possible legislative changes to existing relief programs

Recommendation 4: The Task Force recommends that, if the Taxation Committee considers 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 Committee should consider allowing a taxpayer's income tax credit to offset their property tax bill.

Recommendation 5: If the Taxation Committee considers changes to the homestead exemption in the Second Regular Session of the 132nd Legislature, a majority of the Task Force supports increasing the current homestead exemption to account for inflation as the homestead exemption is a good policy tool for providing broad relief.

The Task Force spent a significant amount of time discussing current real estate property tax relief programs that are available in the State and ways that the programs could be altered to provide greater relief for taxpayers; however, members were cognizant of the need to engage in a data-driven analysis before making legislative recommendations. Progress and Poverty Institute provided preliminary data findings at the fifth meeting, and the members anticipate that the additional data and analysis to be provided in May 2026 will be invaluable to their deliberations next interim. In the meantime, however, if the Taxation Committee were to seek to amend an existing relief program in the Second Regular Session of the 132nd Legislature to provide greater taxpayer relief, a majority of the Task Force believes that two programs should be considered before others and has the following recommendations regarding potential changes.

First, the Task Force unanimously recommends that the Committee focus its efforts on the Property Tax Fairness Credit. Because the credit provides a refundable income tax credit to taxpayers, including renters, subject to income and other limitations, the members believe that it is the most targeted tool to provide relief to taxpayers who are struggling. Circuit breaker programs such as the Property Tax Fairness Credit were identified by the Lincoln Institute as a national best practice for providing real estate property tax relief and the members believe that there are ways that Maine's program could be improved upon. Specifically, the Task Force believes the Committee should consider ways to apply the tax credits provided by the program to directly offset a recipient's real estate property tax bill instead of having a delay between the payment of property taxes and the receipt of the tax credit.

Second, a majority of the Task Force recommends that if the Taxation Committee considers changes to the homestead exemption, it should increase the exemption amount. Currently the homestead exemption permits the exclusion of up to $25,000 of a home's assessed value for owner-occupied properties; individual taxpayers may not receive the full $25,000 exemption, however, depending upon the local certified ratio applicable to the municipality in which they live. Unlike the Property Tax Fairness Credit, the homestead exemption is only available to permanent resident homeowners, not renters, and it does not have income restrictions. Despite not providing the same targeted relief as the Property Tax Fairness Credit, a majority of the Task Force believes that if the Tax Committee considers changes to improve the homestead exemption, it should index the exemption amount for inflation. This would be an immediate step that would improve the efficacy of the program on an ongoing basis.

Recommendation 6: The Task Force recommends that the Taxation Committee submit legislation to create one or more working groups to review property tax exemptions and current use programs to evaluate whether the exemptions and programs continue to meet the purposes for which they were established and are efficient to administer at the local level.

The Task Force received feedback at several meetings that property tax exemptions and current use programs may warrant a focused review to ensure that they are working in an efficient way, consistent with the policy goals that drove their creation. The Task Force learned that the intent of these programs was to encourage certain behaviors with respect to real property in exchange for a reduction in the tax base for municipalities. While some programs are subject to state reimbursement, others are not. Municipal representatives shared with the Task Force concerns about the costs and administrative challenges of these programs and provided suggestions for refining certain programs. Due to the limited time available to Task Force members to complete their work and the various interested parties that they believe should be involved, the Task Force recommends that the Taxation Committee submit legislation to create one or more working groups to conduct a detailed review of property tax exemptions and current use programs.

Recommendations related to property tax cost drivers

Recommendation 7: The Task Force recommends that the Legislature enact legislation that encourages continued inter-local, regional, and state-wide partnerships to increase efficiency in administering municipal-level and county-level services and reduce municipal and county costs.

The Task Force believes that inter-local, regional, and state-wide partnerships have the potential to reduce municipal costs, increase efficiency and address other challenges in the current real estate property tax system. For example, shared equipment among several municipalities could reduce an individual municipality's acquisition and maintenance expenses and shared personnel, such as assessors or code enforcement officers, could address challenges some municipalities face in hiring and retaining qualified professionals or conducting revaluations with greater frequency. The Lincoln Institute noted for the Task Force that in most other states property tax assessments are conducted at the county level – municipal assessments are primarily a New England phenomenon and cooperative arrangements between communities can be helpful in smaller jurisdictions.[67] Examples of regional partnerships already exist in Maine: Cumberland County operates a regional assessing program and Two Bridges Regional Jail serves both Lincoln County and Sagadahoc County. The Task Force believes that there are additional opportunities to regionalize services and believes the Legislature should take an active role in encouraging these partnerships.

Recommendation 8: The Task Force recommends that the Taxation Committee review the reports required from the Maine Education Policy Research Institute pursuant to Resolve 2023, chapter 164 and Resolve 2025, chapter 84 and from the County Corrections Professional Standards Council pursuant to Resolve 2025, chapter 73. The Task Force recommends that the Committee consider the findings and recommendations in these reports when making policy decisions in the Second Regular Session of the 132nd Legislature as the issues considered in these reports influence real estate property taxes.

Task Force members frequently discussed the challenge posed by their charge: providing recommendations for real estate property tax relief necessitates discussion of and recommendations related to factors that increase municipal budgetary needs in addition to how to reallocate municipal budget costs among taxpayers. Due to the limited time available to the Task Force, however, the members wanted to ensure that their work this interim would not duplicate what is already being done in other policy areas. During its meetings, the Task Force learned that work is already underway to review elements of two significant property tax cost drivers, municipal educational costs, and county jail expenses, directed by the joint standing committees of the Legislature with jurisdiction over educational matters and public safety matters, respectively. Having laid the informational groundwork in 2025, the Task Force intends, in 2026, to discuss these issues in more depth and with the benefit of data and analysis from PPI. The members felt, however, that the Taxation Committee should consider the results of these reviews when making policy decisions in the Second Regular Session of the 132nd Legislature.

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[67] *See* Lincoln Institute of Land Policy presentation dated October 24, 2025, available here: https://legislature.maine.gov/doc/12063.

As previously noted in Section II, Resolve 2023, chapter 164, (LD 2286) heard by the Joint Standing Committee on Education and Cultural Affairs in the 131st Legislature, directed the Maine Education Policy Research Institute (MEPRI), in conjunction with the Department of Education, to among other things, conduct a targeted review of general purpose aid for local schools, which was to include, in part, property valuation and its efficacy in determining municipal contribution levels to public education. In June 2025, MEPRI published its report[68] which included findings and policy questions which could be useful for the Taxation Committee in conducting its work in the Second Regular Session. The Legislature subsequently enacted Resolve 2025, chapter 84, which is a continuation of the work started with MEPRI's report regarding essential programs and services funding and requires MEPRI to submit a report to the Joint Standing Committee on Education and Cultural Affairs no later than January 15, 2026.

In addition, Resolve 2025, chapter 73, (LD 719) heard by the Joint Standing Committee on Criminal Justice and Public Safety in the 132nd Legislature, directs the County Corrections Professional Standards Council to review information regarding the share of state funding for the County Jail Operations Fund and county and regional jail compliance with certain statutory requirements or rules. In conducting this review, the Council must, among other things, review any unfunded mandates related to county and regional jails and examine future needs for state support for county and regional jail operations. The Council must submit a report by January 15, 2026, to the Criminal Justice and Public Safety Committee.

Recommendations related to providing funding to reduce municipal budget needs

Recommendation 9: If the Taxation Committee submits legislation to increase the homestead exemption in the Second Regular Session of the 132nd Legislature, a majority of the Task Force recommends that the Committee provide 100% municipal reimbursement for the difference between the current homestead exemption of $25,000 and the increased amount provided for in such legislation.

Recommendation 10: A majority of the Task Force recommends that the Legislature enact legislation to increase funding for county jails and to encourage regionalization of services.

The mill rate in a municipality is calculated by dividing the amount of funding necessary for the municipality's coming year (comprised of municipal, county, and education costs) divided by the total taxable valuation in the municipality. State funding to municipalities in the form of property tax exemption reimbursements and municipal revenue sharing reduce the numerator in the mill rate calculation and, therefore, the need for municipalities to collect these funds from their property taxpayers. State funding to reduce county government expenses, such as through appropriations to the County Jail Operations Fund for funding county and regional jails, similarly reduce the county expenses that are paid for through municipal real estate property taxes. Although increased funding from the State does not address cost drivers directly, a majority of members of the Task Force support two recommendations related to providing funding to reduce municipal budget needs.

[68] Available here: https://bpb-us-w2.wpmucdn.com/wpsites.maine.edu/dist/e/97/files/2025/10/LD2286_FinalReport.pdf.

First, if the Taxation Committee considers changes to the homestead exemption in the Second Regular Session of the 132nd Legislature, a majority of the Task Force recommends that the State increase the municipal reimbursement for the homestead exemption. Current law requires the State to provide a reimbursement to a municipality of 76 percent of the taxes lost by reason of the homestead exemption. The remaining loss must be accounted for in that municipality's budget and those costs are borne by property taxpayers.

Second, a majority of the Task Force supports efforts to increase funding for county jails and to encourage regionalization of services. At its second meeting, Mr. Curtis, the County Administrator for Somerset County, explained to the Task Force the funding challenges currently faced by county jails. As jails hold individuals for longer periods of time or take in more individuals, costs for medical care and staffing increase. The Task Force anticipates additional discussions related to county funding needs, which will benefit from the work of the County Corrections Professional Standards Council; however, a majority of the Task Force members believe that the Legislature should take immediate steps to ease the burden of these costs and encourage regionalization of services that will reduce costs in the long term.

IV. CONTRACT FOR RESEARCH AND ANALYSIS OF STATEWIDE REAL ESTATE PROPERTY TAX AND RELATED DATA

The Task Force is directed in Resolve 2025, chapter 108 to contract with an entity for research and analytical support with the goal of determining the source of the problems with the current system of property taxation, who is most negatively affected by the current system of property taxation and how those persons are negatively affected.

The Task Force developed an Invitation for Proposals (IFP) for the services of an entity to assist with the collection of data and its analysis for the purposes stated in the Resolve.

The IFP requested that the entity collect statewide property tax data including, at the municipal level: average property value, property tax bill, and length of homeownership; property types, mill rates, dates of last valuation, and property valuation practices; number of households eligible to claim and actually claiming the Property Tax Fairness Credit; number of homesteads eligible to participate and actually participating in the deferred collection of homestead property taxes; municipalities with municipally funded and administered property tax relief programs; percentage of homes that are primary residences, percentage of commercial property and the percentage of vacant commercial property; and how municipalities have used property tax relief funding, including state-municipal revenue sharing. At the county level, the IFP requested statewide property tax data including changes in property values over the last 20 years and the average percentage of income spent on property taxes by residents. Additionally, the entity is asked to analyze the impact of unfunded mandates on local budgets, examine the effect of nontaxable property within a municipality, theorize potential federal funding changes and the impact those changes could have on property taxes in the State, and share any other data regarding disparities or challenges across different regions in the State.

Due to the urgency of the Task Force's work, as part of the IFP, the bidders were asked to specifically identify which statewide property tax data and other information they would be able to gather, analyze, and present to the Task Force by December 1, 2025. Bidders were also asked to include a timeline for the completion of the remainder of the research and analysis that could not be completed prior to December 1, 2025. Finally, the IFP included a provision for ongoing assistance to the Task Force, at the direction of the chairs. This ongoing work is in addition to the research and analysis outlined above and may be in the form of additional data and information gathering, fulfilling specific requests for analysis, and providing updates to the Task Force.

The Task Force issued the IFP on September 29, 2025, with written proposals due on October 14, 2025.[69] The Task Force also formed a subcommittee of members to evaluate any proposals received and to conduct consensus-based scoring to select a contractor. The Invitations for Proposals subcommittee included members Senator Nicole Grohoski and Representative Ann Matlack, as chairs, Senator Bruce Bickford, Vinnie Caliendo, Kathleen Billings, and Peter Lacy. The Task Force received bids from three entities in response to the IFP: Jack Faucett Analytics, Stepwise & Maine Applied Research, and Progress and Poverty Institute (PPI).[70]

The subcommittee held an initial meeting on October 17, 2025, in which members were provided an overview of the review and evaluation process before being provided with the proposals for independent review.[71] All information pertaining to cost was omitted from subcommittee members' initial review, as the score for the cost component was based on a mathematical equation in which the bidder with the lowest cost was awarded the highest point total and other bidders were awarded proportionally fewer points calculated in comparison with the lowest bid. The score for each proposal's cost section was provided at the time of scoring. On October 24, 2025, the subcommittee met to evaluate and score the proposals.[72] After careful consideration, the subcommittee awarded PPI the highest score of the submissions. PPI began its work on November 12, 2025, following the execution of the contract.

PPI presented its initial work to the Task Force at the Task Force's fifth meeting on December 4, 2025.[73] This work included the compilation of requested data into an interactive dashboard[74] that allows the user to query and compare various data points across municipalities and counties in Maine and at the state level. The dashboard also includes a data dictionary which helps to

[69] Materials related to Invitation for Proposals subcommittee, including the invitation for proposals, can be found at https://legislature.maine.gov/real-estate-property-tax-relief-task-force.
[70] The proposals received can be viewed here: https://legislature.maine.gov/132nd-first-regular-and-first-special-sessions-studies/property-tax-contract-for-research-and-analytical-support-materials.
[71] *See* IFP Subcommittee meeting on October 17, 2025, available here: https://legislature.maine.gov/audio/#126?event=95647&startDate=2025-10-17T15:30:00-04:00.
[72] *See* IFP Subcommittee meeting on October 24, 2025, available here: https://legislature.maine.gov/audio/#127?event=95652&startDate=2025-10-24T14:00:00-04:00&commEventFlag=false&ItemCount=9.
[73] *See* Progress and Poverty Institute presentation to the Task Force dated December 4, 2025, and December 16, 2025, available here: https://legislature.maine.gov/real-estate-property-tax-relief-task-force.
[74] *See* https://landeconomics.retool.com/embedded/public/06957fb7-68c0-4ae2-85e7-7e8b292bbaac/page4.

explain the different data points, geographic coverage, and important caveats to the data.[75] PPI presented the dashboard to the Task Force, demonstrated how to use the dashboard, and discussed the data coverage and data limitations within it. As a part of their work, they were also asked to discuss challenges in accessing data and, therefore, included recommendations related to data policy. In addition to the aggregation and presentation of data, PPI also performed preliminary analysis using that data, tailored to areas of Task Force interest, as demonstrated by the Task Force in their initial preliminary findings and recommendations discussions. This analysis was used to inform the Task Force members in their discussions around preliminary findings and recommendations. Finally, PPI also spoke on tax policy from their perspective as experts in the field of property tax data analysis and based upon information received in earlier presentations to the Task Force and Task Force discussions. PPI solicited feedback from the Task Force on the dashboard and associated materials and asked for guidance on what additional data or analysis the Task Force would find helpful for their ongoing work.

PPI will continue to work over the winter and early spring of 2026. In their presentation, they outlined a series of next steps and their strategies for accomplishing them. This includes enrichment of parcel level data for missing municipal data, which they hope to accomplish by contacting municipalities with the support of Maine Municipal Association. It also includes their work around unfunded mandates and federal funding risks. PPI presented a series of potential avenues for policy analysis, should the Task Force desire, including the ability to model potential policy changes. PPI will present a final report to the Task Force when the Task Force resumes its work in May of 2026. The Task Force may request additional research and analysis, which are reasonable in scope and within the Task Force's budget, following the final report in May of 2026.

V. CONCLUSION AND NEXT STEPS

The Task Force will receive PPI's final report in May 2026. The Task Force will use its meetings in 2026 to review PPI's data and analysis, solicit feedback from the public and stakeholders, and develop final recommendations for real estate property tax relief. The Task Force would like to thank its members for committing their time and sharing their perspectives and guidance in discussing the various issues raised in trying to develop meaningful property tax relief recommendations. The Task Force would also like to thank the stakeholders who presented to the Task Force, members of the public who submitted comments for consideration by the Task Force, NCSL and the Lincoln Institute for sharing their expertise and taking time to answer the many detailed questions from Task Force members, and PPI for its initial and ongoing work.

[75] *See* https://legislature.maine.gov/maine-real-estate-property-tax-data-dashboard.

APPENDIX A
Authorizing Legislation: Resolve 2025 c. 108

APPROVED JULY 1, 2025 BY GOVERNOR | CHAPTER 108 RESOLVES

STATE OF MAINE

IN THE YEAR OF OUR LORD

TWO THOUSAND TWENTY-FIVE

S.P. 688 - L.D. 1770

Resolve, to Establish the Real Estate Property Tax Relief Task Force

Emergency preamble. Whereas, acts and resolves of the Legislature do not become effective until 90 days after adjournment unless enacted as emergencies; and

Whereas, the Legislature has enacted a series of property tax relief measures in recent years, including expanding the property tax fairness credit, improving the homestead property tax exemption, expanding the property tax deferral program and increasing state-municipal revenue sharing, in an effort to ease the burden on Maine households; and

Whereas, despite recent legislative efforts to provide relief, many Maine residents continue to face rising property tax bills and the State remains among the states where households spend a significant share of their income on property taxes, all amid broader increases in the cost of living; and

Whereas, the State is facing a statewide housing crisis, and rising property taxes, especially in high-demand areas, are making it harder for first-time home buyers and working families to afford stable housing, further straining the already limited supply of affordable homes; and

Whereas, at the same time, older Maine residents who wish to downsize or move closer to services often have no affordable housing options available, forcing them to remain in homes with sharply increased valuations and unaffordable property tax bills, despite living on fixed incomes; and

Whereas, municipalities across the State, ranging from small rural towns to larger cities, face varying budget pressures and responsibilities and often lack the resources, staffing or technology needed to ensure accurate, equitable and up-to-date property assessments; and

Whereas, the property tax fairness credit remains a vital tool for targeted tax relief, but current benefit levels do not fully reflect today’s economic pressures or cost of living; and

Whereas, efforts to reform the property tax system in the State have often been constrained by constitutional requirements, such as the mandate that all real and personal property be assessed equally according to its just value; and

Whereas, other states have pursued innovative strategies, including constitutional reforms, to ensure effective and equitable property tax relief; and

Whereas, it is imperative that the State deliver immediate property tax relief and launch a comprehensive, data-driven process to develop long-term solutions through a representative task force; and

Whereas, in the judgment of the Legislature, these facts create an emergency within the meaning of the Constitution of Maine and require the following legislation as immediately necessary for the preservation of the public peace, health and safety; now, therefore, be it

Sec. 1. Real Estate Property Tax Relief Task Force established. Resolved: That the Real Estate Property Tax Relief Task Force, referred to in this resolve as "the task force," is established.

Sec. 2. Membership. Resolved: That, notwithstanding Joint Rule 353, the task force consists of 13 voting members and at least 2 nonvoting members as follows.

1. The 13 voting members are appointed as follows:

A. Two members of the Senate, appointed by the President of the Senate, including at least one member of the party holding the 2nd largest number of seats in the Legislature and at least one of whom has expertise or background in the area of taxation;

B. Two members of the House of Representatives, appointed by the Speaker of the House, including at least one member of the party holding the 2nd largest number of seats in the Legislature and at least one of whom has expertise or background in the area of taxation;

C. Three members of the public, appointed by the President of the Senate, as follows:

(1) One member who is a representative of economists or who is a tax expert;

(2) One member with lived experience of poverty who is a representative of low-income residents of the State; and

(3) One member who has legal experience with constitutional issues or property tax issues;

D. Three members of the public, appointed by the Speaker of the House, as follows:

(1) One member who is involved in real estate, economic or housing development with expertise in long-term homeownership trends in the State;

(2) One member who represents the business sector and who has paid property taxes over the last 10 years; and

(3) One member who has expertise in assessing property taxes; and

E. Three members of the public, appointed by the Governor, as follows:

(1) Two members with expertise in municipal government, municipal taxation, local government finance or property valuation, one of whom represents the interests of municipalities with fewer than 10,000 residents and one of whom represents the interests of municipalities with at least 10,000 residents. Both members must have experience in contrasting forms of municipal governance; and

(2) One member with lived experience as a senior citizen who represents the interests of residents of the State who are at least 65 years of age or older.

In making their appointments, the President of the Senate, the Speaker of the House and the Governor, to the extent feasible, shall ensure the membership of the task force reflects comprehensive geographic and demographic representation from the State.

2. The nonvoting members are as follows:

A. The Commissioner of Administrative and Financial Services or the commissioner's designee;

B. The Associate Commissioner for Tax Policy within the Department of Administrative and Financial Services, Bureau of Revenue Services or the associate commissioner's designee; and

C. Any additional members invited to participate by the chairs of the task force pursuant to section 3.

Sec. 3. Chairs; nonvoting members; selection of contracted entity. Resolved: That the first-named Senate member is the Senate chair and the first-named House of Representatives member is the House chair of the task force. The chairs may invite, as nonvoting members of the task force, individuals who have expertise in municipal government, municipal finance, economic development, constitutional law, tax policy, housing policy or tax assessing. The chairs may select the contracted entity described in section 6, subsection 1, prior to all appointments being made. Prior to the first meeting of the task force, the chairs may select the contracted entity of the task force.

Sec. 4. Appointments; convening of task force. Resolved: That all appointments must be made no later than 30 days following the effective date of this resolve. The appointing authorities shall notify the Executive Director of the Legislative Council once all appointments have been completed. After appointment of all members, the chairs shall call and convene the first meeting of the task force. If 30 days or more after the effective date of this resolve a majority of but not all appointments have been made, the chairs may request authority and the Legislative Council may grant authority for the task force to meet and conduct its business.

Sec. 5. Meetings; subcommittees. Resolved: That the task force shall meet at least 4 times but no more than 8 times, not including any subcommittee meetings.

1. The task force shall meet at least once jointly with the Joint Standing Committee on Taxation at a time to be determined by the chairs of the task force and the committee.

2. The chairs of the task force may appoint subcommittees as necessary for the efficient operation of the task force.

Sec. 6. Duties. Resolved: That the task force shall:

1. Contract with an entity for research and analytical support, as selected by the chairs pursuant to section 3, with the goal of determining the source of the problems with the current system of property taxation, who is most negatively affected by the current system of property taxation and how those persons are negatively affected. At the direction of the chairs, an entity contracted with pursuant to this subsection shall gather and analyze statewide property tax data, which may include:

A. For each municipality or each municipality within a representative sample of municipalities by county:

(1) The average property value, property tax bill and length of homeownership, differentiated by waterfront and nonwaterfront properties;

(2) The types of property; mill rate; date of last valuation; property valuation practices, including whether the municipality performs the valuations; median income of residents; number of households eligible to claim and actually claiming the property tax fairness credit pursuant to the Maine Revised Statutes, Title 36, section 5219-KK; number of homesteads eligible to participate in and actually participating in the deferred collection of homestead property taxes pursuant to Title 36, chapter 908; which municipalities have municipally funded and administered property tax relief programs; and the percentage of homes that are primary residences, the percentage of commercial property and the percentage of vacant commercial property; and

(3) How the municipality has used property tax relief funding, including but not limited to funds received from state-municipal revenue sharing pursuant to Title 30-A, section 5681;

B. For each county:

(1) Changes in property values over the last 20 years; and

(2) The average percentage of income spent on property taxes by residents;

C. Data regarding any disparities or challenges across different regions in the State;

D. Recent statewide property tax relief efforts that have been implemented or discussed in the Legislature or State Government;

E. The impact of unfunded mandates on local budgets;

F. The effect of nontaxable property within a municipality;

G. Potential federal funding changes and how those could potentially impact property taxes in the State;

H. Any challenges in obtaining the information specified in this subsection for the task force and recommendations for making the information available to the Legislature on a regular basis; and

I. Any additional data or information the chairs consider relevant to a productive discussion;

2. Perform a comparison of this State to the rest of the nation, including:

A. Determining how property tax assessment is instituted, the expenses associated with assessment and how assessment in the State compares with other states;

B. Exploring property tax relief measures and programs used by other states, particularly those states similar in geography, demographics, resident income or state and local government structure, to determine whether those relief programs could be adapted to the State;

C. Studying property tax burdens in other states, including as a percentage of resident income, and any trends over the last 20 years; and

D. Gathering any additional data or information the chairs determine relevant to a productive discussion;

3. Explore the need for amendments to the Constitution of Maine or to the Maine Revised Statutes, including:

A. Reviewing constitutional constraints on property tax assessments and exploring whether an amendment to the Constitution of Maine could create more equitable and stable property tax policies;

B. Researching whether other states have constitutional provisions that allow for equitable property tax structures;

C. Researching which states have successfully amended their constitutions to allow for more effective property tax relief and the advantages and disadvantages of those amendments; and

D. Recommending whether constitutional changes should be pursued and, if so, what changes should be made and how and when those changes should be made;

4. Develop methods to ensure municipalities use property tax relief for its intended purpose while continuing to meet the needs of residents by:

A. Identifying mechanisms used in other states to ensure that local property tax relief funds are allocated effectively to the taxpayers;

B. Exploring mechanisms to support transparency and accountability in the use of property tax relief funds at the municipal level that exist in other states or that have been discussed in the State; and

C. Recommending accountability measures, including but not limited to reporting requirements, financial incentives or disincentives;

5. Assess changes to the valuation process and support for municipalities by:

A. Investigating how other states ensure equitable, updated and fair valuation practices;

B. Analyzing whether certain geographic regions or types of communities, such as service centers, in the State have disproportionate property assessments that negatively affect specific populations;

C. Identifying those resources municipalities need to conduct accurate property valuations, including funding, staffing and technology; and

D. Recommending best practices and potential legislative changes to improve fairness and accuracy in property assessments;

6. Develop targeted support for long-term property owners who need support to age in place by:

A. Studying states that have implemented property tax relief programs specifically for long-term homeowners; and

B. Recommending which tax policies the State should adopt to prevent displacement and maintain affordability of elderly and low-income homeowners;

7. 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; and

8. Examine potential impacts of federal funding changes on property taxes in the State.

The task force shall engage in a data-driven analysis of the State's property tax system before making recommendations pursuant to this section.

Sec. 7. Assistance in collection of data. Resolved: That the Department of Administrative and Financial Services, Bureau of Revenue Services and the Office of Tax Policy within the bureau shall provide assistance to the entity contracted with by the task force pursuant to section 6, subsection 1 to ensure the entity obtains the required information.

Sec. 8. Public input. Resolved: That the task force may, as determined necessary by the chairs, solicit and consider public comment on the current property tax structure, current property tax relief efforts and the valuation and assessment process.

Sec. 9. Staff assistance. Resolved: That the Legislative Council shall provide necessary staffing services or may contract for necessary staffing services for the task force, except that Legislative Council staff support is not authorized when the Legislature is in regular or special session. Upon request of the task force, the Office of the Attorney General, the office of the Secretary of State, the Office of Policy Innovation and the Future, the Department of Administrative and Financial Services, Bureau of Revenue Services, the Department of Economic and Community Development and the office of the Treasurer of State shall provide additional information to the task force.

Sec. 10. Interim report; final report. Resolved: That, notwithstanding Joint Rule 353, no later than January 15, 2026, the task force shall submit an interim report to the Joint Standing Committee on Taxation that includes the task force's preliminary findings and recommendations. The task force may include proposed legislation in the interim report.

Notwithstanding Joint Rule 353, no later than December 15, 2026, the task force shall submit a final report that includes its findings and recommendations, including suggested legislation, to the joint standing committee of the Legislature having jurisdiction over taxation matters. The joint standing committee may report out legislation to the 133rd Legislature in 2027 based on the report.

Sec. 11. Additional funding sources. Resolved: That, notwithstanding Joint Rule 353, the task force may apply for and receive funds, grants or contributions from public and private sources to support its activities.

Sec. 12. Appropriations and allocations. Resolved: That the following appropriations and allocations are made.

LEGISLATURE

Legislature 0081

Initiative: Appropriates one-time funds for the costs of a contract with an entity to provide research and analytical support for the Real Estate Property Tax Relief Task Force.

GENERAL FUND	**2025-26**	**2026-27**
All Other	$125,000	$25,000
GENERAL FUND TOTAL	$125,000	$25,000

Emergency clause. In view of the emergency cited in the preamble, this legislation takes effect when approved.

APPENDIX B

Membership list: Real Estate Property Tax Relief Task Force

Real Estate Property Tax Relief Task Force
Resolve 2025, c. 108

Membership List

Name	Representation
Senator Nicole Grohoski – chair	Member of the Senate with expertise or background in taxation, appointed by the President of the Senate
Representative Ann Matlack – chair	Member of the House with expertise or background in taxation, appointed by the Speaker of the House
Senator Bruce Bickford	Member of the Senate from the party holding the 2nd largest number of seats in the Legislature, appointed by the President of the Senate
Representative Robert Nutting	Member of the House from the party holding the 2nd largest number of seats in the Legislature, appointed by the Speaker of the House
Dick Woodbury	Member who is a representative of economists or who is a tax expert, appointed by the President of the Senate
Peace Mutesi	Member with lived experience of poverty who is a representative of low-income residents of the State, appointed by the President of the Senate
Phil Saucier	Member who has legal experience with constitutional issues or property tax issues, appointed by the President of the Senate
Matt Peters	Member who is involved in real estate, economic or housing development with expertise in long-term homeownership trends in the State, appointed by the Speaker of the House
Vinnie Caliendo	Member who represents the business sector and who has paid property taxes over the last 10 years, appointed by the Speaker of the House
Nick Cloutier	Member who has expertise in assessing property taxes, appointed by the Speaker of the House
Carollynn Lear	Member with expertise in municipal government, municipal taxation, local government finance or property valuation representing interests of municipalities with more than 10,000 residents, appointed by the Governor
Kathleen Billings	Member with expertise in municipal government, municipal taxation, local government finance or property valuation representing interests of municipalities with less than 10,000 residents, appointed by the Governor
Ed Gardner	Member with lived experience as a senior citizen who represents the interests of residents of the State who are at least 65 years of age or older, appointed by the Governor
Nonvoting Members	
Peter Lacy	Commissioner of Administrative and Financial Services or the commissioner's designee
Michael Allen, Ph.D.	Associate Commissioner for Tax Policy within the Department of Administrative and Financial Services, Bureau of Revenue Services, or the associate commissioner's designee