Research and Analysis for the Maine Real Estate Property Tax Relief Task Force

Mid-2026 Report - Final Version

Prepared by the Progress and Poverty Institute (PPI), in partnership with the Center for Land Economics (CLE)

Project Team:
Stephen Hoskins, Director of Community Research and Engagement, PPI
Greg Miller, Co-Founder & Executive Director, CLE
Lars Doucet, Co-Founder & President of Research, CLE

Progress & Poverty INSTITUTE

Center for Land Economics

Introduction **4**
Key Measures **9**
Trends Over Time 10
Average Property Value 18
Median Home Value 22
Effective Tax Rate 25
Average Property Tax Bill 29
Median Income 34
Property Tax as Share of Income 37
Tenure of Ownership 42
Are Long-Term Homeowners Disproportionately Affected by Rising Property Tax Bills? 45
Waterfront vs Non-Waterfront 48
Property Type Composition and Commercial Share 51
Primary Residence Percentage 57
Percentage of Vacant Commercial Property 60
Residential Vacancy and Seasonal Homes 63
Effect of Nontaxable Property **67**
Motivation 67
Measure 67
Statewide Snapshot 67
Distribution Across Municipalities 69
Key Findings 72
Federal Funding **73**
Motivation 73
Measures 73
Statewide Snapshot 74
Government Flows 75
Property Tax Relief Programs **84**
Property Tax Fairness Credit 84
Homestead Exemption 89
State Property Tax Deferral Program 93
Simulating Changes to Relief Programs 98
Unfunded Mandates **100**
Background 100
Defining the scope of "unfunded mandate" 100
Survey Design 101
Results 102
Valuation Practices **105**
Motivation 105
Statewide Snapshot 106
Key Conclusions **130**
Appendix **132**
Classification of Municipality Types 132
Property Categories 139
Estimating PTFC Eligibility 140

Introduction

About this Report

This report presents the research team's analysis, findings, and observations on measures relevant to the work being conducted by the Maine Real Estate Property Tax Relief Task Force. The report is intended as a standalone reference for the Task Force as it develops its policy recommendations to the Legislature.

The Task Force

The Real Estate Property Tax Relief Task Force was established by the Maine Legislature pursuant to Resolve 2025, chapter 108. The Task Force is co-chaired by Senator Nicole Grohoski and Representative Ann Matlack, and its membership includes legislators, municipal officials, assessors, and members of the public appointed to represent Maine's diverse property tax constituencies.

The Task Force's statutory charge is to determine the source of the problems with the current system of real estate property taxation in Maine, identify who is most negatively affected by that system, and characterize how those persons are negatively affected. The Task Force is conducting its work between September 12, 2025 and December 15, 2026, excluding the period during which the 132nd Legislature is in legislative session. Its work will inform legislative deliberations on potential reforms to the design, administration, and financing of Maine's property tax system, as well as to the suite of programs the State maintains to relieve the burden of that tax on individual taxpayers and municipalities.

The Research Team

To carry out the research and analysis underlying this report, the Task Force selected the Progress and Poverty Institute (PPI) as its contractor, with the Center for Land Economics (CLE) engaged as a subcontractor. PPI was issued a Notice of Conditional Award on October 30, 2025, and the contract was finalized and executed in November 2025.

Progress and Poverty Institute (PPI) is a Princeton-based research organization focused on the economics of land, housing, and tax policy. Stephen Hoskins serves as PPI's lead on this engagement and as the principal point of contact with the Task Force chairs.

Center for Land Economics (CLE) is a research organization specializing in property assessment, land valuation, and the data infrastructure that underpins property tax administration. Greg Miller and Lars Doucet lead CLE's contributions to the engagement, with primary responsibility for the assessment-practice and parcel-data components of the work.

Scope of the Research

The Task Force directed the research team to gather and analyze statewide property tax data and to address the following topical areas:

- The impact of unfunded mandates on local budgets.
- The effect of nontaxable property within municipalities.
- Potential federal funding changes and their possible effects on property taxes in Maine.
- A municipality-level data inventory covering:
    - average property value
    - average tax bill
    - length of homeownership
    - waterfront versus non-waterfront properties
    - property type composition
    - share of homes that are primary residences
    - share of commercial property
    - share of vacant commercial property
    - mill rate
    - date and practice of last valuation
    - median resident income
    - eligibility for and uptake of the Property Tax Fairness Credit
    - eligibility for and uptake of the deferred collection of homestead property taxes
    - municipally funded property tax relief programs
    - use of state property-tax relief funding under Title 30-A § 5681
- County-level analysis of changes in property values over the last twenty years and the average share of income spent on property taxes by residents.
- Disparities and challenges across different regions of the state.

The team is also charged with documenting any structural challenges encountered in obtaining the information specified in the scope of work, and with recommending mechanisms for making such information available to the Legislature on a regular basis going forward.

Methodology in Brief

The analysis combines five principal sources of data and evidence, joined and reconciled at the level of the individual real estate parcel wherever possible:

1. **Statewide municipal-level data** from Maine Revenue Services' Municipal Valuation Return (MVR), used to characterize tax rates, certified ratios, valuation dates, and the composition of taxable value at the municipal level.
2. **Parcel-level data** from a combination of Regrid (statewide spatial backbone and parcel attributes) and ATTOM (assessor records 2012–2025 and vacancy data), supplemented by tax commitment books obtained directly from individual municipalities through a bulk-request campaign coordinated with the Maine Municipal Association.
3. **Household-level data** from the U.S. Census Bureau's American Community Survey, the Zillow Home Value Index, and the Redfin Home Price Index, used to estimate income, ownership tenure, and property-value trends at varying geographic resolutions.
4. **Federal spending data** extracted via USAspending.gov and classified by recipient organization type (state agency, county, municipality, school district, university, private), used to characterize the magnitude and composition of federal funding flows that, if reduced, could plausibly shift to local property tax bases.
5. **Primary survey data** from two instruments: a municipal officials' survey on perceived unfunded-mandate burdens and a separate assessors' survey on staffing, practices, and views on regionalization, both distributed through MMA.

For policy-design questions involving the distributional effects of changes to Maine's property-tax relief programs, the team has also used PolicyEngine, a microsimulation platform that applies tax and benefit rules to representative household data, to compare alternative reforms on a consistent basis.

Throughout the report, the team is transparent about the limits of what each data source can support. Where the available data does not permit a definitive answer, findings are framed as directional rather than precise, and aspirational research questions are flagged separately so that the Task Force can distinguish between conclusions the data supports and conclusions that would require additional data the team was unable to obtain within the contract scope.

How to Read this Report

The body of the report is organized to follow the topical structure of the Task Force's charge, so that each area of inquiry maps to a dedicated section. Within each section, this report begins by stating the research questions which guided the analysis, introduces the data and methods used to address them, followed by an exploration of the results and discussion of the key findings.

Maine contains 482 municipalities plus unincorporated territories located within 12 (of 16) counties. Exploring and discussing data for each of these 494 areas individually would provide exhaustive levels of information. As such, this report analyzes results through the following lenses:

- Statewide Snapshot: summary statistics and time series for Maine as a whole
- By County: summary statistics for each of Maine's 16 counties explored at once
- By Municipality Type: summary statistics for clusters of municipalities, grouped by: population size, service center designation, and economic structure (see page 8 and the appendix for more details)

Along with this report, the project team has also delivered the Task Force an interactive Data Dashboard to view the data measures by municipality and county, along with an accompanying Data Dictionary which explains how each measure was constructed. Readers can use the Data Dashboard to explore and compare data for individual municipalities. The dashboard also contains time-series data, where relevant, including at the county level.

Resolve 2025, c. 108 created the Task Force and directed the scope of this report, covering a wide range of topics. Readers may prefer to skip to a particular topic of their choosing:

- To understand **how property values, municipal spending, property tax rates and burdens have increased over time**, see pages 9-16
- To compare the above measures **across different types of Maine municipality**, see pages 17-40
- To understand **homeowner tenure and whether property tax bills are higher for longer-term homeowners**, see pages 41-47
- To compare the **composition of property types, including residential vs commercial, waterfront vs non-waterfront, primary residences, and vacancy rates for commercial property**, see pages 48-65
- To test the **effect of nontaxable property on tax bills**, see pages 66-71
- To explore the **flow of Federal funds into Maine municipalities and the potential property tax impacts of Federal budget cuts**, see pages 71-82
- To understand **participation rates for property tax relief programs, and the distributional effects of changes to the Property Tax Fairness Credit and Homestead Exemption**, see pages 83-98
- To explore the concept of **unfunded mandates and their impact on municipal budgets**, see pages 99-103
- To understand **property assessment in Maine, test whether rising residential assessments are increasing tax burdens on homeowners, and consider whether assessments should be regionalized**, see pages 104-128
- To review this report's **key conclusions**, see pages 129-130

A note on the Task Force's work to come

This report is one intended to guide the Task Force's deliberations but does not supersede them. The research team's role has been to bring quantitative rigor to a set of questions that have previously been answered primarily through anecdote or high-level statewide reporting. The recommendations that ultimately reach the 133rd Legislature will reflect the Task Force's own judgment about which issues warrant policy response, which warrant further investigation, and which are best addressed outside of the property tax system altogether.

The research team remains available, through the close of the Task Force's authorized work period, to support its members in translating these findings into specific policy options and in modeling those policies' likely effects across Maine's households and communities.

Key Measures

To provide an insightful exploration of the Maine property tax system, this section presents the core empirical analysis underpinning the report. For each of the measures defined in the Task Force's scope of work, we report the statewide picture, document how the measure varies across Maine's counties and municipalities, and, where the underlying data permit, trace how it has moved over time. Time-series views are included throughout where they are available and informative; the depth of historical coverage varies by measure, reflecting the differing vintages and continuity of the underlying data sources.

A central concern across every measure is whether the patterns we observe reveal disparities across different regions and types of community in Maine. Aroostook is not Cumberland; a tiny inland farming town does not face the same fiscal landscape as a coastal tourism destination or a primary service center. To examine these disparities systematically and consistently, each measure is broken out not only by county but also by three complementary classification schemes: a size classification based on population, a service-center classification capturing each municipality's regional role in providing employment and services, and an economic classification identifying each municipality's dominant economic base. The same three schemes are applied throughout the report so that findings on one measure can be directly compared against findings on another.

These classification schemes, including their definitions, data sources, thresholds, and known limitations, are documented in full in the Municipality Classifications appendix at the end of this report. Readers encountering an unfamiliar designation in the discussion below (Tiny Town, Primary service center, SC-adjacent, Bedroom, Farm/Forest, and so on) can refer to that appendix for the underlying definition and the methodology used to assign each municipality to a category, and to this interactive map to view classifications for every individual municipality.

Trends Over Time

Motivation

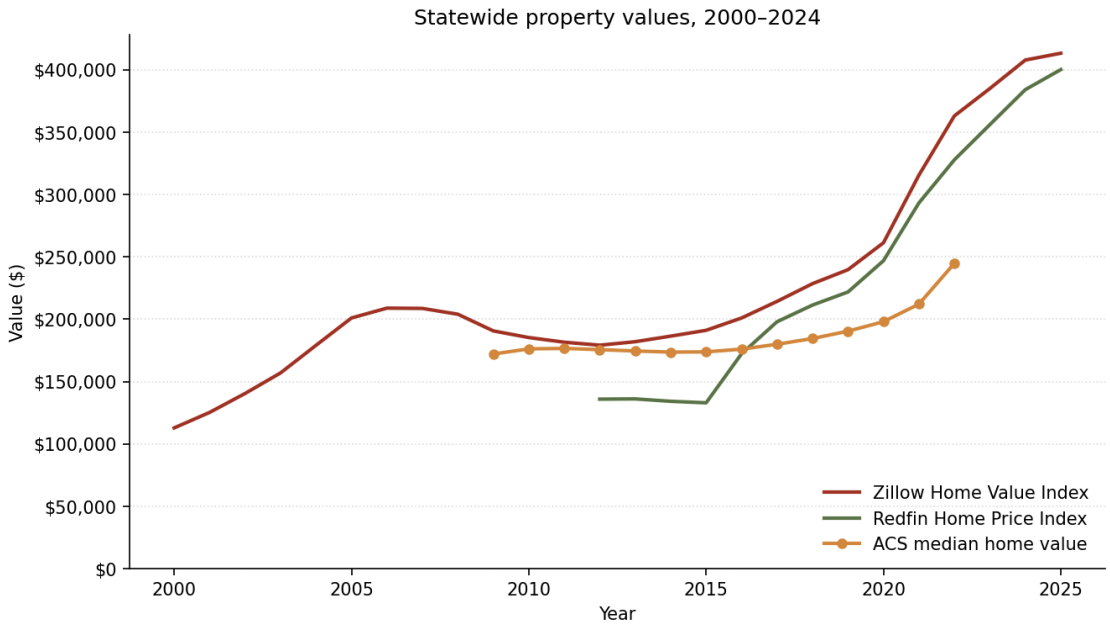
Research questions: How have property taxes been trending over time in Maine, both in absolute terms and relative to incomes? Have rapid increases in property taxes been driven by property values, municipal spending, or inflation?

Before turning to a cross-sectional analysis of how property taxes and related measures vary throughout Maine, it is useful to begin by understanding how taxes have changed over time. In particular, it is vital to know whether there is an urgent need for broad property tax relief due to rapid increases in taxes: both in terms of the effective tax rate paid by property owners, the absolute dollar value of tax bills, and how property taxes have moved relative to incomes.

This section traces these time trends over six related measures: residential property values, the total tax commitment (a proxy for spending by municipalities and schools), the effective tax rate, and the resulting tax bills, set against the backdrop of inflation and household income growth. These measures are briefly introduced as this section explores the time trends, with more information provided in their dedicated cross-sectional analyses in later sections of the report.

Residential Property Values Over Time

Three external sources track Maine residential property values over time: the Zillow Home Value Index, the Redfin Home Price Index, and the ACS median home value series. All three display a similar pattern: moderate growth in the ten years prior to the 2020 COVID-19 pandemic, followed by rapid increase post-COVID:



Statewide property values, 2000-2024

The three series trace different patterns because they measure different populations of homes. The ACS median (Census Table B25077) covers only owner-occupied homes and is self-reported by the owner. Both Zillow and Redfin capture renter-occupied and second or seasonal homes, with the former tracking the typical value across the entire stock of single-family homes, condos, and co-ops in a region (its 35th–65th percentile), regardless of who lives there, whereas the latter is a repeat-sales index of homes that actually transact. These sample differences matter more in Maine than almost anywhere else due to the state's many high-value coastal and lakefront second homes, which lift the Zillow and Redfin figures above the ACS owner-occupied median. Two further factors pull the ACS lower still: owners tend to self-report lower values than the market, and because ACS pools data over five years, this index lags the market by around two years.

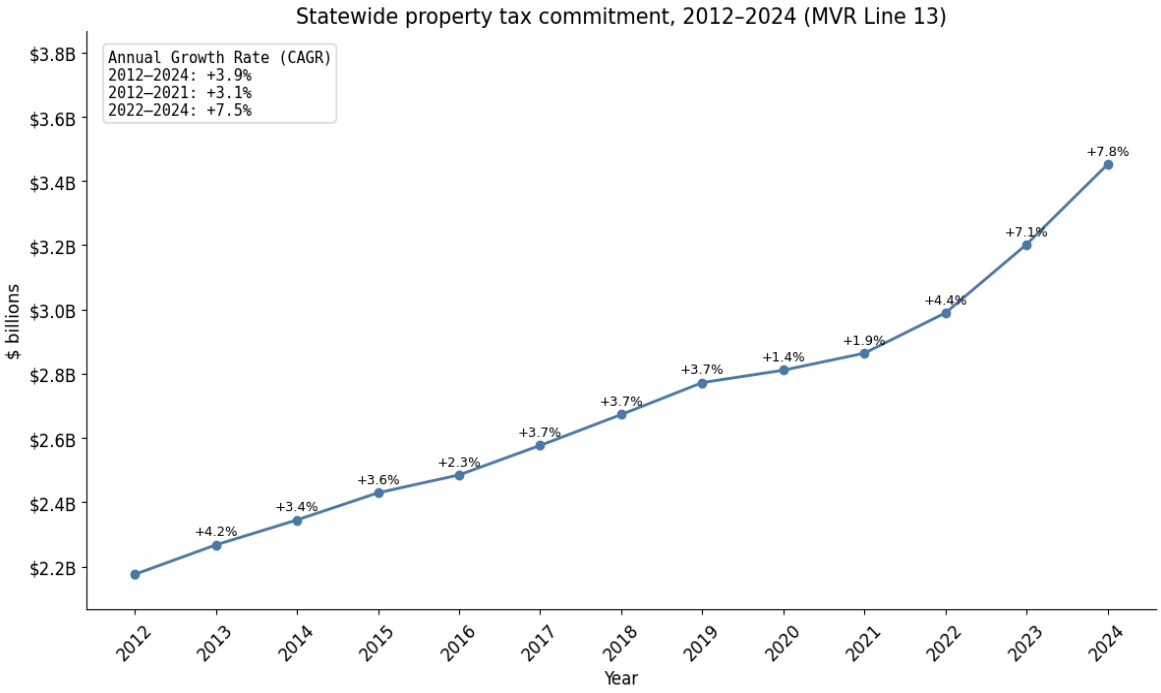
Maine residential property values were broadly flat from the post-recession trough around 2012 through roughly 2015, then rose slowly through 2019 before surging sharply thereafter. By 2025, the Zillow Home Value Index places statewide median residential values at approximately $413,000 and the Redfin Home Price Index at roughly $400,000, approximately double their values in 2015, with the bulk of that increase concentrated after 2020. The ACS median home value series tracks the same trajectory at a lower level, reflecting both the tendency of owner self-reports to anchor on purchase prices rather than current market values and the smoothing effect of five-year pooled estimates.

The post-COVID run-up in property values leads many to believe that rising property taxes are caused by increased property assessments. This is not necessarily true, however, because Maine's property tax bills are set not by property values alone, but by the interaction of property values with spending by local governments. Each municipality calculates its mill rate by dividing its property tax commitment (the amount of money appropriated to fund county, municipal and school services, less offsets from revenue sharing) by the total taxable value of all property in the municipality.

Because rising property values increase the denominator of that equation, they can actually *decrease* tax rates if spending is not rising as fast as property values. Thus, the overall path of property tax bills ultimately depends on spending decisions made by counties, municipalities and school boards. Understanding how tax bills have evolved therefore requires us to examine spending patterns over time.

Property Tax Commitment Over Time

The total property tax commitment — the aggregate net amount to be raised across all Maine municipalities — grew at a compound annual rate of 3.9% over the full 2012–2024 period.



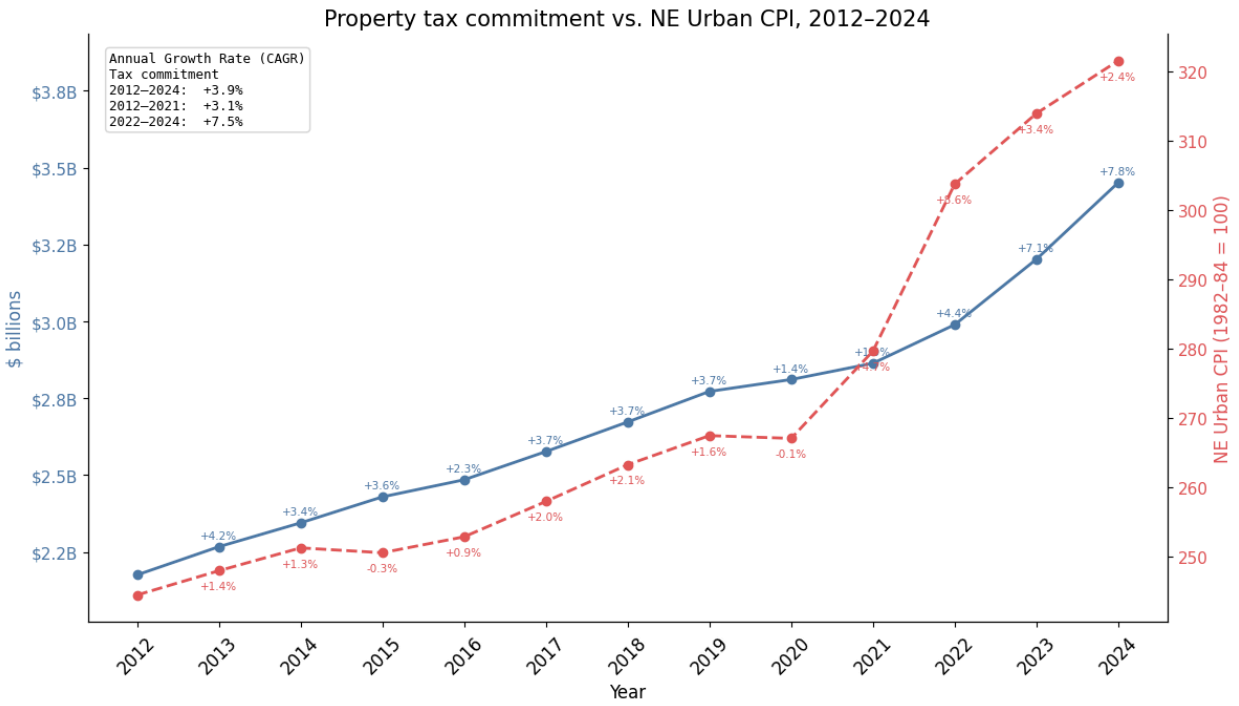
Statewide property tax commitment, 2012–2024 with annotated year-over-year growth rates and compound annual growth rates (CAGR). Source: Municipal Valuation Return, Line 13.

That aggregate, however, conceals a meaningful shift in pace. Growth from 2012 to 2021 was steady but moderate, at a CAGR of 3.1%, broadly consistent with inflation and population-driven service demand. Growth from 2022 to 2024 accelerated sharply, at a CAGR of 7.5%, indicating a surge in spending by local governments following the pandemic.

The post-2021 acceleration in commitment is real and visible, and indeed annual growth of 7.5% in property tax levies sounds like a significant escalation. But understanding whether this represents out-of-control government spending, or rising costs to provide the same services, requires a comparison against inflation over the same period.

Commitment Growth in the Context of Inflation

Post-COVID inflation in the Northeast was substantial, and over the 2022–2024 window the pace of price growth was comparable to and, in 2021 and 2022 ahead of, the growth in Maine's total tax commitment.



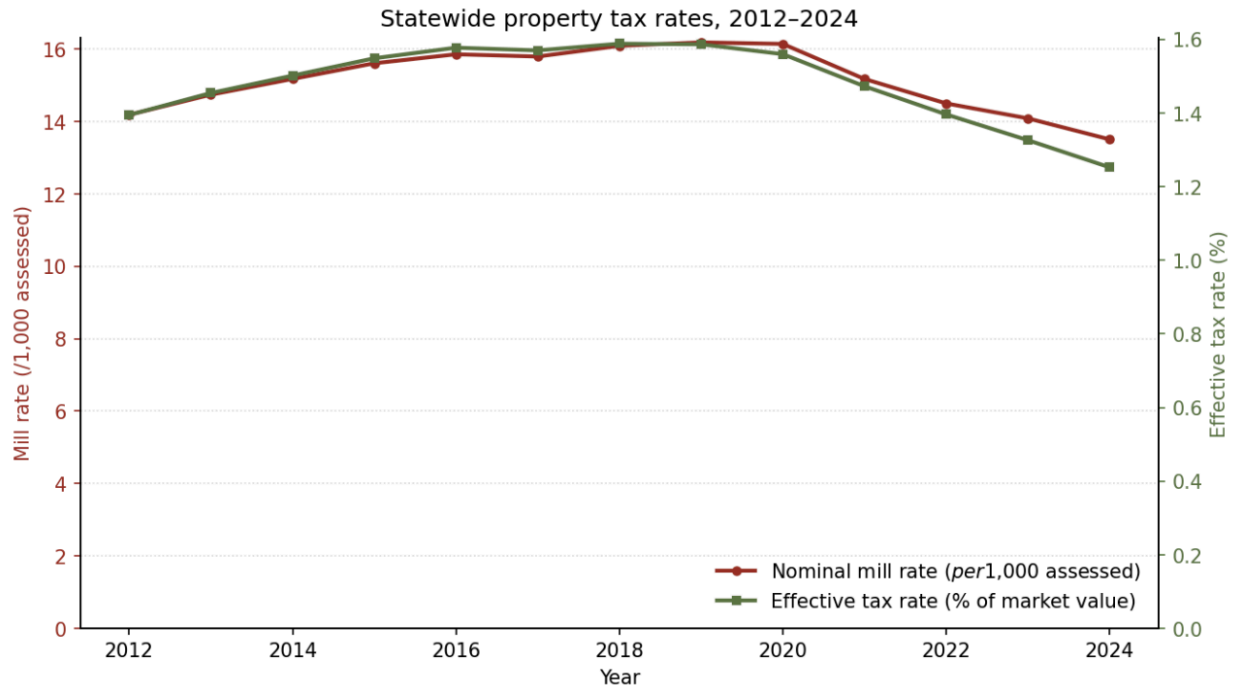
Statewide property tax commitment (left-hand side) vs the Northeast CPI-U (Federal Reserve of St Louis CUUR0100SAS, right-hand side) for 2012–2024.

This comparison does not support a narrative of out-of-control municipal spending. Rather, these trends are consistent with local governments providing a consistent level of school and municipal services while facing significant increases in the cost of labor, materials, energy and

contracted services. The post-COVID surge in commitment reflects, in substantial part, the post-COVID surge in the cost of delivering public services. These are the same inflationary dynamics that affected households and businesses across the economy.

Effective Tax Rates Over Time

As discussed above, municipalities calculate their nominal tax rate (the share of taxable value that each property owner must pay in taxes) by dividing the tax commitment by total taxable property value. Because different municipalities assess property at different rates, this nominal tax rate is difficult to compare across municipalities. We therefore also calculate the *effective* tax rate (ETR) for each municipality by taking the product of the nominal mill rate and the certified ratio. This measure provides a consistent and comparable indicator of what each property owner actually pays in taxes relative to the market value of their property. Both tax rates are reported in the following chart, but readers are advised to pay closest attention to the green line.



Statewide property tax rates, 2012–2024: nominal mill rate (left-hand side) and effective tax rate (ETR, right-hand side).

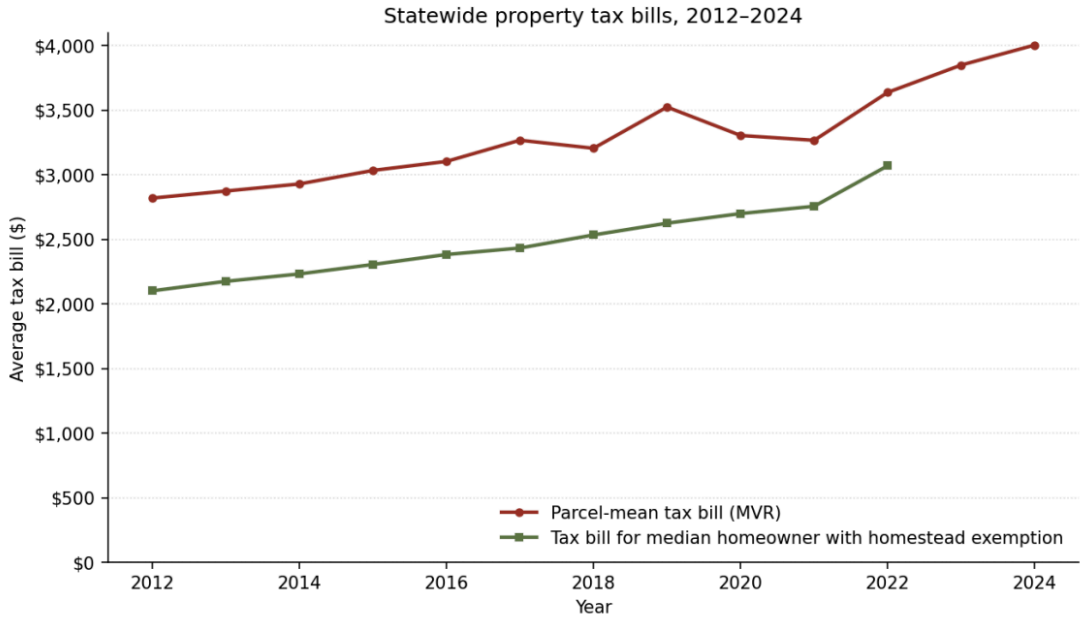
This chart provides clear insights into the interaction of property values and tax commitments over time. Between 2012 and 2019, appropriations grew faster than values, meaning that the statewide average ETR climbed from approximately 1.4% to a peak of 1.6%. After 2019 this relationship reversed: as property values surged in the COVID years, they outpaced the growth

in municipal spending, ultimately *decreasing* the average ETR down to approximately 1.3% by 2024.

This is a counterintuitive result that deserves emphasis. Even as nominal tax bills have risen in recent years, the effective tax rate has fallen, because the taxable base grew faster than the levy did. Maine homeowners who experienced sharply rising assessed values were, in a mechanical sense, being taxed *more lightly* relative to the value of their home in 2024 as compared to 2019. However, taxpayers typically do not interpret their tax bills relative to property value, but rather in absolute dollar terms.

Average Property Tax Bills Over Time

This report tracks how property tax bills have changed over time using two complementary measures. First, the average property tax bill is calculated as total property taxes divided by the total number of parcels, which indicates the average tax obligation across the full mix of property types, including commercial and industrial parcels. To focus on property taxes paid by the typical homeowner, we also report the median homestead tax bill, which is calculated by taking the median home value, minus a standard $25,000 homestead exemption, multiplied by the certified ratio and nominal mill rate. This measure captures the experience of a typical homeowner, and is the figure most relevant to understanding the property tax burden for households.



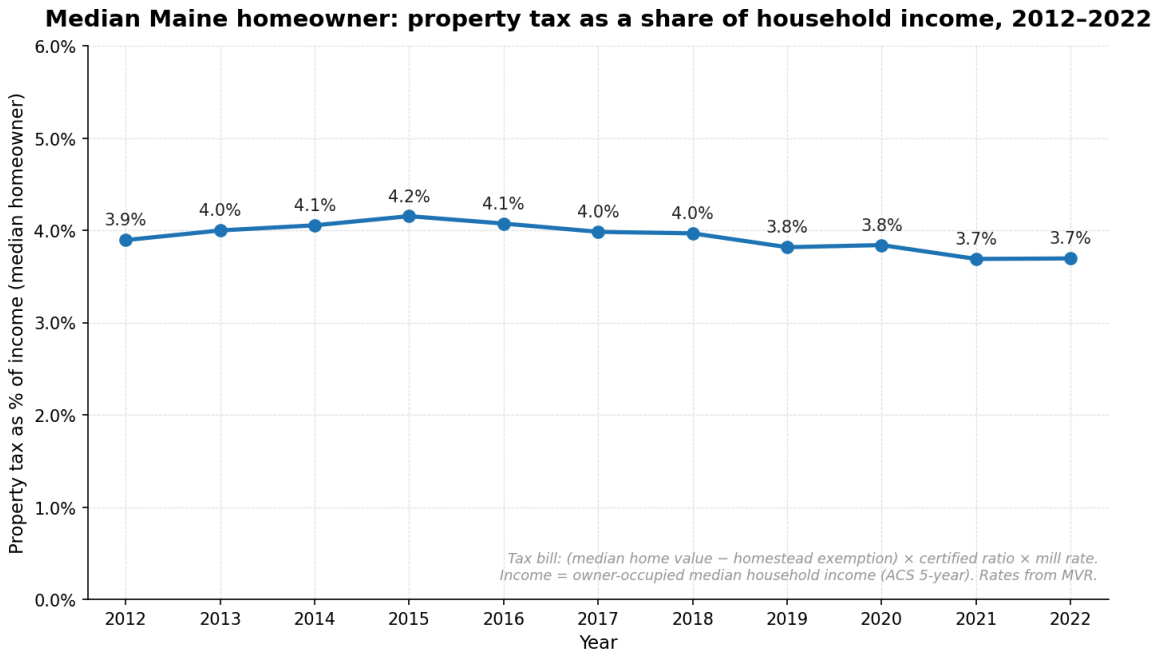
Statewide average property tax bills, 2012–2024: parcel-mean and the tax bill for the median homeowner.

The statewide average tax bill across all parcels rose from approximately $2,800 in 2012 to roughly $4,000 in 2024, an increase of about 42%. Because the median home was lower value than the average parcel, and also enjoys a reduction in taxable value due to the homestead exemption, the typical homeowner saw their tax bill rise from just over $2,000 in 2012 to about just over $3,000 by 2022, an increase of roughly 46%. In both series, tax bills grew at a slow and steady rate pre-COVID, followed by a sharper increase in the high-inflation years immediately following COVID.

Despite largely reflecting the increased cost of providing municipal services, this dollar increase in property taxes still places a very real burden on household budgets. However, this measure does not fully paint the whole picture, because it does not account for concurrent changes in household income, from which those tax bills must be paid.

Property Taxes as a Share of Income Over Time

To provide the final insight into the property tax burden over time, we consider how tax bills have changed as a share of incomes for the typical Maine household.



Median Maine homeowner: property tax as a share of household income, 2012–2022. All years are computed on a consistent basis: each year's median home value, mill rate, certified ratio, homestead exemption, and owner-occupied median income. The 2022 value (3.7%) is the same number reported as the statewide snapshot above. Source: ACS 5-year estimates (B25077, B25119); Municipal Valuation Returns.

The typical Maine homeowner with a homestead exemption spent approximately 3.7% of their household income on property tax in 2022. That figure has consistently remained within a narrow band of roughly 3.7% to 4.2% over the past decade, even as both home values and incomes have moved significantly.

Note that this series uses ACS 5-year estimates throughout, so each year's value is a pooled average of the prior five years and smooths over more recent shifts, meaning that 2022 is the latest year for which a reliable estimate can be calculated.

Key Findings

1. **Average Property Value:** Maine residential property values roughly doubled between 2015 and 2024, with the increase concentrated after 2020. The ACS median home value series tracks the same trajectory at a lower level, lagging transaction-based indicators by approximately two years due to survey pooling and owner self-reporting.

2. **Property Tax Commitment** consistently grew by about 3% per year from 2012 to 2021, and then accelerated to an annual growth rate of 7.5% between 2022 to 2024. Post-COVID inflation in the Northeast was comparable in magnitude over the same window, suggesting that the acceleration in commitment reflects higher costs for existing services rather than an expansion of government.

3. **Effective tax rates** rose from approximately 1.4% in 2012 to a peak of 1.6% in 2019, then fell to 1.3% by 2024, as the post-COVID surge in property values outpaced growth in appropriations. Maine homeowners were taxed more lightly on each dollar of property value in 2024 than at any point in the preceding decade.

4. **Average Property Tax Bills** rose by around 45% in the decade prior to 2022, with growth slow and steady pre-COVID and sharper in the high-inflation years that followed. The dollar increase is real and places a genuine burden on household budgets.

5. **Property Taxes as a Share of Income**: Measured against income, however, the typical Maine homeowner's property tax burden has remained within a narrow band of approximately 3.7% to 4.2% over the past decade. Strong post-COVID income growth kept the income share from rising even as dollar bills increased, suggesting that the aggregate burden on typical homeowners has not materially worsened in recent years.

Subsequent sections of this report revisit each of the above measures, focusing instead on the cross-section across different types of municipality.

Average Property Value

Motivation

Research question: How do average property values vary across Maine municipalities?

Property values are the foundation of Maine's property tax system: they determine the tax base from which municipalities draw revenue and shape who bears the burden of that taxation. Understanding how average property values vary across the state is therefore essential to assessing equity, adequacy, and the distributional effects of any proposed reforms.

It is worth noting, however, that increases in property values do not automatically translate into increases in tax burden. The total levy in any municipality is calculated by dividing the net amount to be raised (the sum of municipal, county, and local-education appropriations and TIF financial-plan amounts, less revenue sharing) by the total taxable value of all property. Rising values therefore expand the denominator at the same time as the numerator may rise (or fall). The relationship between property values and tax bills runs through municipal budgeting decisions.

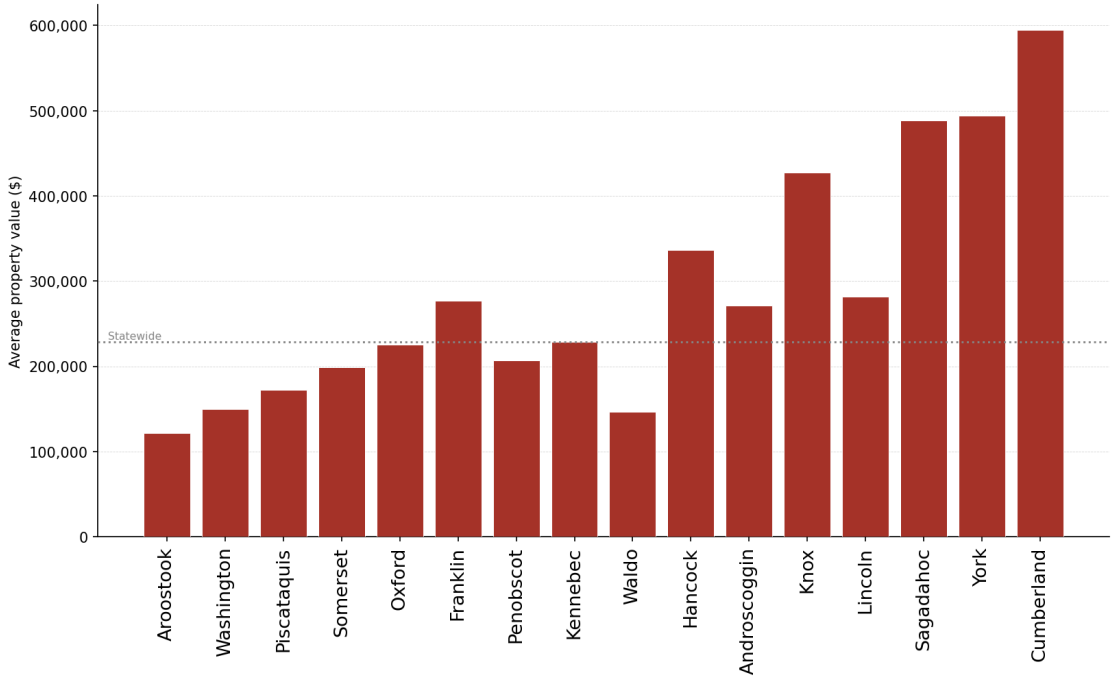
Measure

The measure reported here is the average (mean) property value per parcel in 2024, drawn from the Municipal Valuation Return: total taxable real estate property value divided by total parcel count for each municipality, with parcel-weighted aggregation at the county and state levels. The measure reflects the full parcel population (residential, commercial, agricultural, exempt) and therefore captures the size of the underlying tax base rather than the value of a typical home. Because the underlying distribution is right-skewed, the mean can be pulled upward by a small number of very high-value parcels; a complementary view of the typical owner-occupied home is reported separately in the Median Home Value section.

Statewide Snapshot

The statewide average property value in the 2024 MVR is ~$327,000. This is consistent with the State Valuation framework: total state taxable value of approximately $275 billion (per Maine Revenue Services' 2024 State Valuation report) divided across roughly 862,000 land parcels gives a comparable figure. Note that the parcel-mean is mechanically higher than common public reporting on residential property values because it includes commercial, industrial, and exempt parcels alongside residential ones; for a residential-only view, see the Median Home Value section.

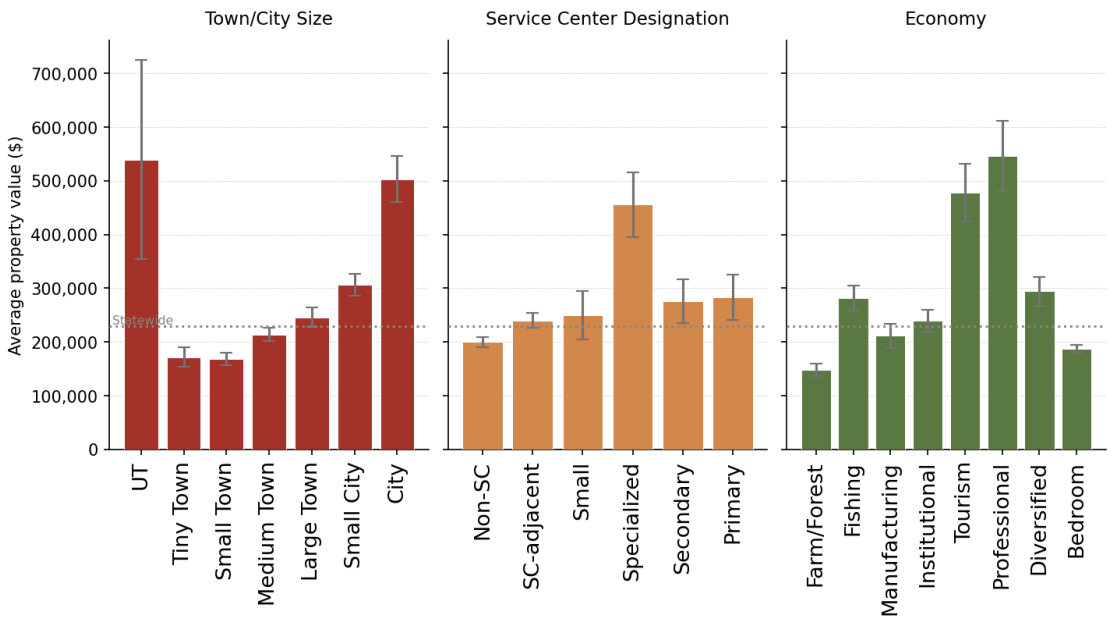
By County



Average Property Value, by County

Average property values vary by nearly fivefold across Maine's sixteen counties, from approximately $121,000 in Aroostook to ~$594,000 in Cumberland. The lowest-value counties sit in Maine's northern and eastern interior, where housing demand is thin and commercial property is limited. The highest-value counties cluster in the urbanized south-west (Cumberland, York) and along the tourism-heavy coast (Lincoln, Hancock, Sagadahoc, Knox), reflecting the structural concentration of residential and commercial tax base in those regions.

By Municipality Type



Average Property Value, by Municipality Type

Average property values rise broadly with municipality size, from roughly $170,000 in Tiny Towns to ~$500,000 in Cities, reflecting the concentration of employment, amenities, and high-value commercial property in larger places. Building on that pattern, Unorganized Territories sit highest of any size class at ~$540,000. Two factors drive the elevated UT figure. First, a single utility-scale industrial parcel (the Three Corners Solar project, which added approximately $87 million in taxable value to Kennebec UT in 2024) substantially pulls up the published mean. Second, even excluding that parcel, the UT mean of ~$321,000 remains well above what one might expect for a rural area, largely because UT parcels tend to be much larger than parcels in incorporated towns and therefore carry higher absolute land values.

On service-center designation, Specialized service centers stand out at ~$455,000, materially above the statewide mean. Specialized service centers are a small set of jurisdictions (16 in our classification) hosting concentrated specialty functions such as ski resorts, large industrial sites, or major institutional employers, which inflates per-parcel values. The remaining service-center categories (Primary, Secondary, Small, SC-adjacent, and Non-SC) cluster between ~$230,000 and ~$280,000, with overlapping confidence intervals; the differences between these non-Specialized categories are small and not statistically significant.

On economy type, Professional (~$545,000) and Tourism (~$475,000) economies post the highest average values, consistent with high-income residents and second-home demand respectively. Farm/Forest anchors the low end at ~$145,000.

Key Findings

1. **A nearly fivefold gap in per-parcel property value separates Aroostook from Cumberland**, reflecting the structural concentration of taxable property value in the urbanized south-west and the tourism-heavy coast.

2. **Rising residential values do not automatically translate into rising tax bills.** Whether values translate into higher bills depends on municipal budget decisions and how appropriations move alongside the tax base, not mechanically on value growth itself.

Median Home Value

Motivation

Research question: How does the value of a typical home vary across Maine municipalities?

The parcel-mean property value reported in the previous section is a useful summary of the full tax base (residential, commercial, agricultural, and exempt parcels combined), but it is a poor indicator of what a typical Maine home is worth. High-value commercial parcels and second-home properties pull the parcel-mean upward in many municipalities, especially along the coast. The Median Home Value isolates the residential picture, reporting the value of the typical owner-occupied home in each area as captured by the U.S. Census Bureau. For understanding what households actually own, and the residential tax bills that flow from that ownership, the median is the more meaningful measure.

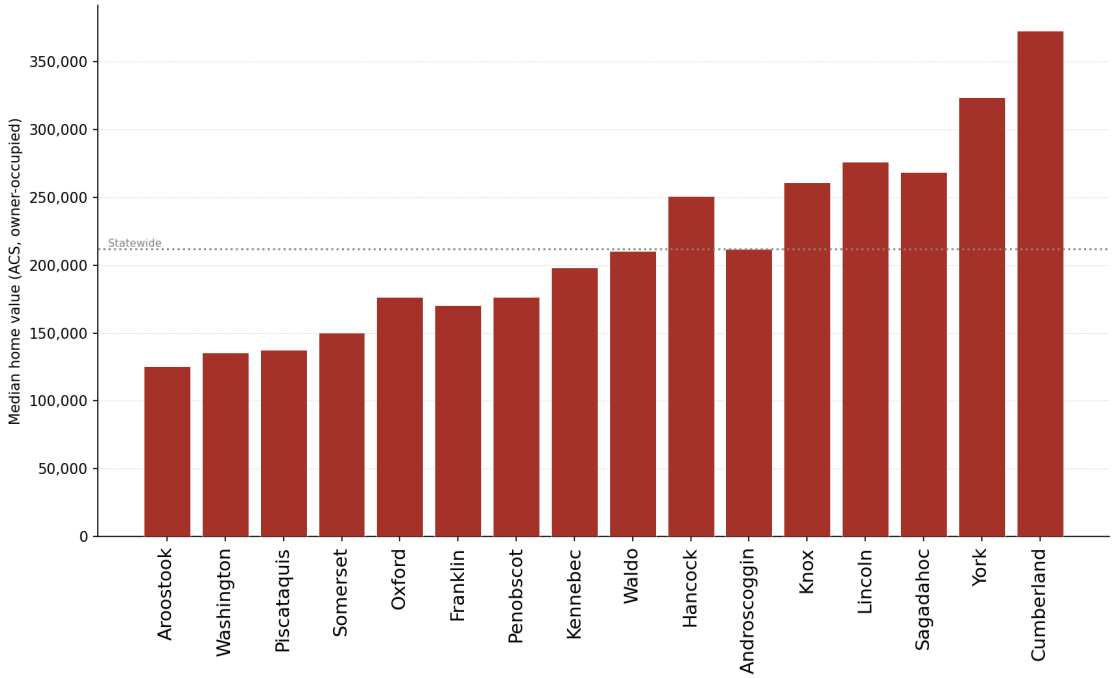
Measure

The measure is the median value of owner-occupied housing units, drawn from the American Community Survey 5-year estimates (Table B25077, vintage 2022). The ACS asks owner-occupiers to self-report the current market value of their home. State and county figures are pulled directly from the ACS at those geographies; municipality figures use the Census place-level estimates. Coverage is strong: 470 of 494 jurisdictions and all 16 counties have a published value. Note that ACS values typically lag transaction-based indicators (Zillow, Redfin) somewhat, both because the data is a 5-year pooled estimate and because owner self-reports tend to anchor on purchase prices rather than current market.

Statewide Snapshot

The statewide median home value in the ACS 2022 5-year estimates is ~$245,000, comfortably below the parcel-mean property value of ~$327,000 reported in the previous section. The gap reflects the upward pull of high-value commercial, industrial, and waterfront parcels on the parcel-mean: once the focus narrows to typical owner-occupied homes, the figure is materially lower.

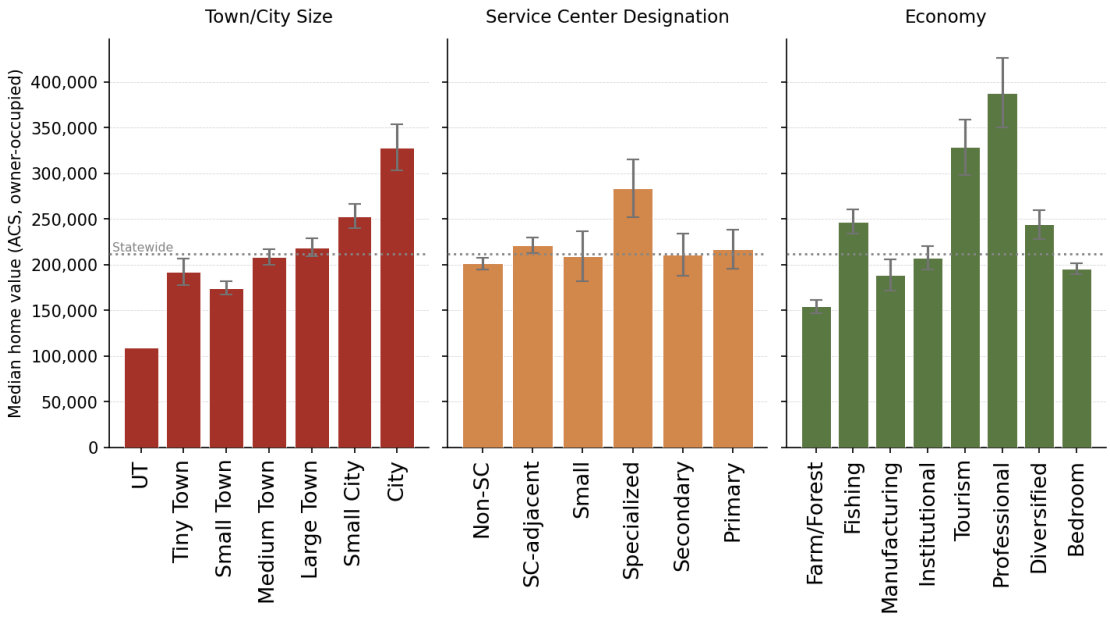
By County



Median Home Value, by County

Median home values vary by roughly threefold across Maine's sixteen counties, from approximately $125,000 in Aroostook to $373,000 in Cumberland. The lowest-value counties (Aroostook, Washington, Piscataquis, Somerset) sit in Maine's northern and eastern interior, where housing demand is thin. The highest-value counties cluster in the urbanized south-west (Cumberland, York) and along the tourism-heavy coast (Lincoln, Sagadahoc, Knox, Hancock), reflecting the structural concentration of residential property value in those regions of the state.

By Municipality Type



Median Home Value, by Municipality Type

By size, median home values rise from roughly $155,000 in Small Towns and Tiny Towns to ~$325,000 in Cities, a meaningful but narrower gradient than the parcel-mean's. By service-center designation, Specialized service centers stand out at ~$285,000, well above the ~$200,000 baseline shared by Primary, Secondary, Small, and Non-service-center jurisdictions. The variation between non-Specialized service-center categories is small and largely overlapping. By economy classification, Professional-services communities post the highest medians (~$390,000). Meanwhile, Farm/Forest economies anchor the low end at ~$155,000.

Key Findings

1. **The typical Maine home is worth ~$245,000, far below the parcel-mean of ~$327,000.** The gap reflects the upward pull of commercial, industrial, and waterfront parcels on the parcel-mean.
2. **Median home values span roughly 3x across counties** (Aroostook ~$125,000 to Cumberland ~$373,000), with the home value concentrated in the urbanized south-west and the tourism-heavy coast.
3. **Maine residential values roughly doubled between 2015 and 2024**, concentrated post-2020. Whether this rise translates into rising tax bills depends on municipal budget decisions, not mechanically on the value rise itself.

Effective Tax Rate

Motivation

Research question: How do effective mill rates vary across Maine municipalities?

Of the rate-side measures available (nominal mill rate, certified ratio, and effective tax rate), the effective tax rate (ETR) is the one we use throughout this report. The nominal mill rate set by a municipal budget is not directly comparable across municipalities because municipalities differ in their certified ratios. A town with a $13/$1,000 mill rate at a certified ratio of 100% is taxing residents at the same effective rate as one with a $18.57/$1,000 mill rate at a 70% certified ratio. The effective tax rate, computed as the nominal mill rate multiplied by the certified ratio, provides a far more meaningful indicator of relative tax burden across municipalities, because it gives a consistent reading of tax bills relative to a property's market value.

A 1.5% ETR means a property owner pays $1,500 per year on a $100,000 home, regardless of the underlying mill rate or the municipality's certified ratio.

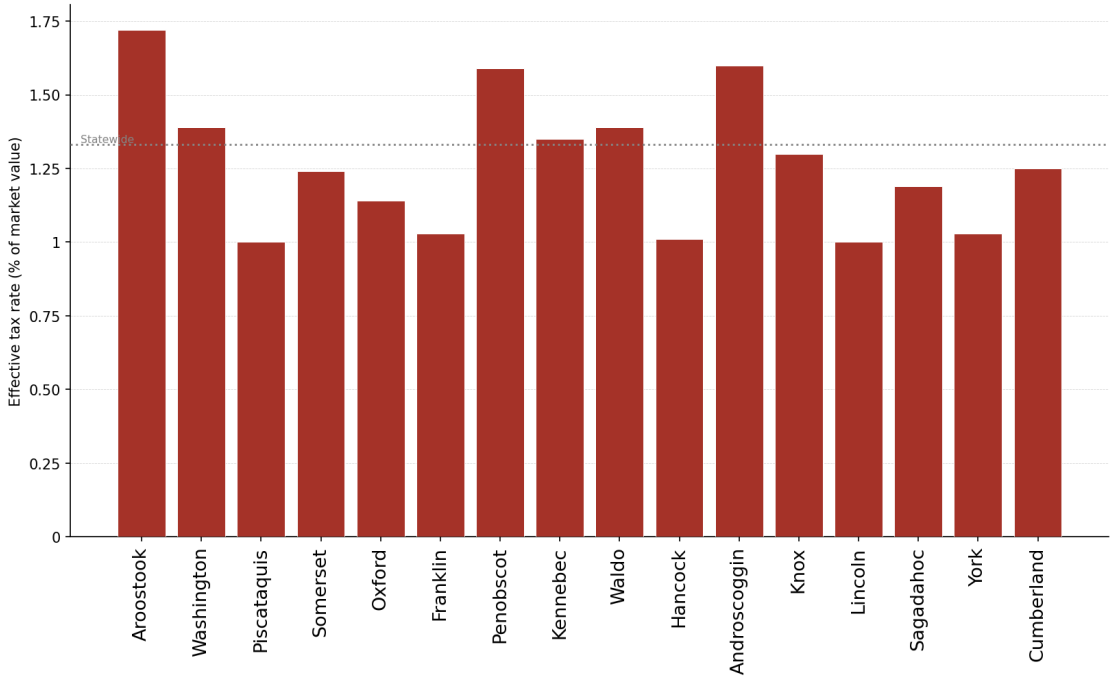
Measure

The effective tax rate is the nominal mill rate (from the 2024 MVR) multiplied by the municipality's certified ratio. At the county and state levels, values are weighted by total taxable value. Maine Revenue Services Rule 201 defines the certified ratio as the level of municipal assessed value, expressed as a percentage, relative to just (market) value, as certified by the assessor pursuant to 36 M.R.S. § 383. A certified ratio of 91%, in other words, means the municipality's assessor has certified that local assessments stand at 91% of market value on average.

Statewide Snapshot

The statewide value-weighted nominal mill rate in 2024 is $13.50 per $1,000 of assessed value, the certified ratio is 91%, meaning that the effective tax rate is 1.2% of market value.

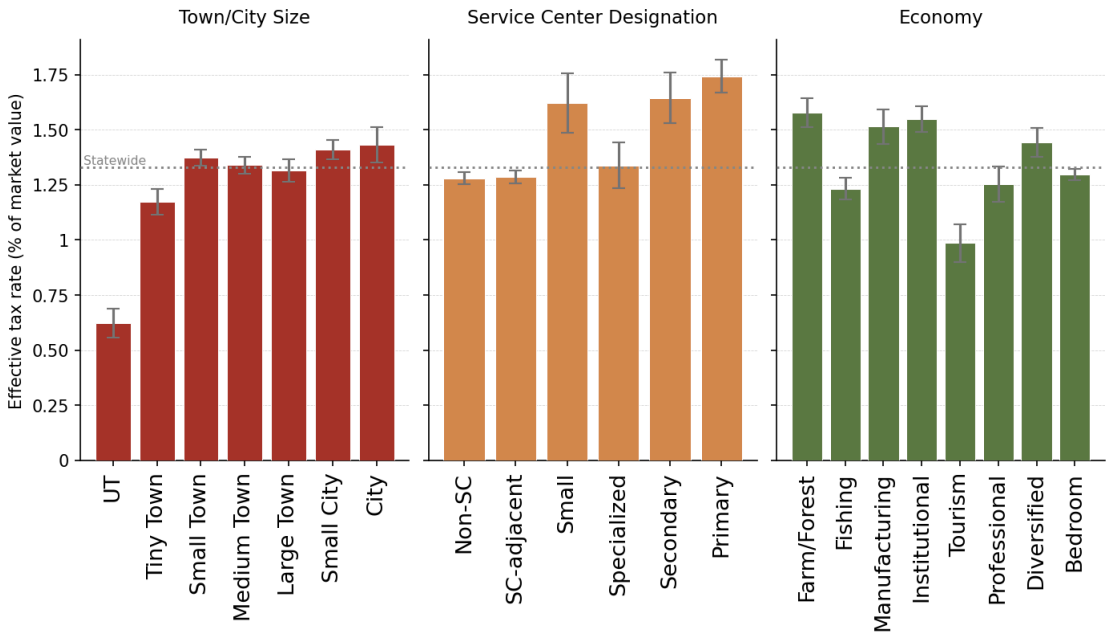
By County



Effective Tax Rate, by County

The county-level ETR pattern is largely uncorrelated with property values. Aroostook is the highest at ~1.7%, and Lincoln (~1.0%) and Piscataquis (~1.0%) are the lowest, a roughly 1.7x gap between top and bottom. Aroostook has the lowest property values in the state, meaning that its thin tax base must be paired with higher effective tax rates to raise sufficient revenues for municipal services. Conversely, Lincoln and Hancock pair their high property values with notably low effective tax rates. These offsets mean that the range of actual tax bills varies across counties by less than total property values do.

By Municipality Type



Effective Tax Rate, by Municipality Type

The size gradient is flat: most categories cluster between 1.2% and 1.4%. Tax bills rise steeply with municipality size primarily because property values do, not because rates do. Unorganized Territories sit at ~0.6%, roughly half the statewide rate, reflecting a leaner service mix and a different funding structure (UT residents pay a state-administered tax rather than a municipal levy, with many services delivered through state agencies and counties).

The service-center pattern is the clearest signal in the rate data: Primary, Secondary, and Small service centers all post ETRs roughly 30%–40% above Non-SC and SC-adjacent municipalities. The pattern is consistent with service centers funding regional infrastructure (schools, hospitals, roads, public safety) used by residents of surrounding towns who do not contribute through their own property taxes. Specialized service centers are the exception, sitting near the statewide average: their above-average per-parcel values let them fund regional functions at lower effective rates.

By economy, Farm/Forest, Manufacturing, and Institutional municipalities post the highest ETRs (~1.5%); Tourism is the lowest at ~1.0%, reflecting tax bases enlarged by high-value seasonal property whose owners consume municipal services only part of the year.

Key Findings

1. **The Aroostook-Lincoln ETR gap is approximately 1.7x**, the most extreme cross-county dispersion in the rate data. Lower-value counties tend to compensate for their thinner tax bases with higher rates, but only partially.
2. **Service centers (excluding Specialized) post effective tax rates roughly 30%-40% above Non-SC and SC-adjacent municipalities** of similar size, consistent with non-SC residents using services funded through SC tax bases. The exception, Specialized service centers, is plausibly explained by their above-average property values, which let them fund regional functions at a lower rate.

Average Property Tax Bill

Motivation

Research questions: How does the average property tax bill vary across Maine municipalities? Which areas face the highest effective tax burden relative to property values?

The average tax bill is the most direct measure of what property taxation actually costs in a given place. Property values describe the tax base, effective tax rates describe how heavily that base is taxed, and the bill reflects their combined effect along with the appropriations the municipal budget process produces.

This section reports two complementary views: the parcel-mean tax bill (total levy divided by total parcels, the same denominator used for the parcel-mean property value) and the tax bill for the median homeowner (a typical owner-occupied home with the homestead exemption applied). The two answer slightly different questions. The parcel-mean captures the tax base's average revenue contribution per parcel and is what shapes muni-level fiscal capacity. The median-homeowner bill captures what a typical resident actually pays once exemptions are taken into account, and is the figure closest to a household's lived experience of property tax.

Measure: parcel-mean tax bill

The parcel-mean tax bill is total real estate property taxes levied in 2024 divided by the total number of land parcels in each municipality, drawn from the Municipal Valuation Return. It captures the average tax obligation across the full parcel mix (residential, commercial, agricultural, and industrial). A municipality with significant commercial or industrial property may show a high parcel-mean bill that does not reflect the experience of a typical homeowner.

Measure: tax bill for the median homeowner

The median-homeowner tax bill is a formula-derived figure for a typical owner-occupied home receiving the homestead exemption. It is computed as:

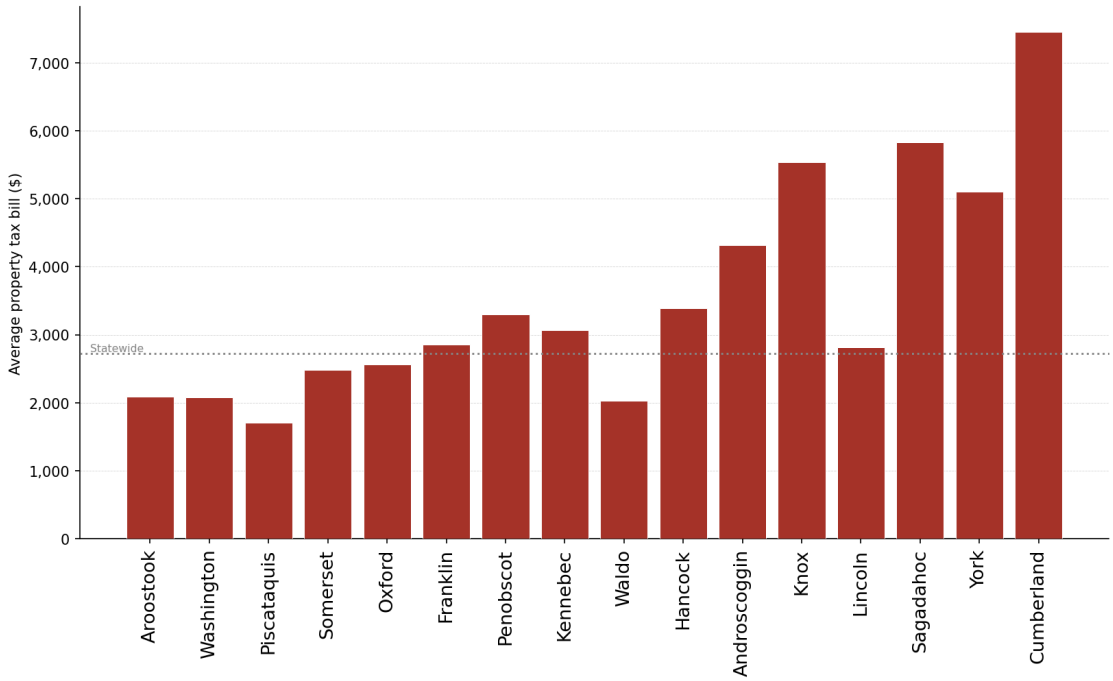
```
(median home value − $25,000 homestead exemption) × certified ratio × nominal mill rate
```

Median home value is pulled from ACS 5-year estimates, while certified ratios and mill rates are drawn from the 2024 MVR. The result reflects what a typical homeowner with a homestead exemption would owe in property tax in 2024.

Statewide Snapshot

The statewide parcel-weighted average tax bill in 2024 is ~$4,000, whereas the tax bill for the typical homeowner statewide is just over $3,000. The latter sits below the parcel-mean as expected: high-value commercial and industrial parcels lift the parcel-mean above the typical-homeowner figure.

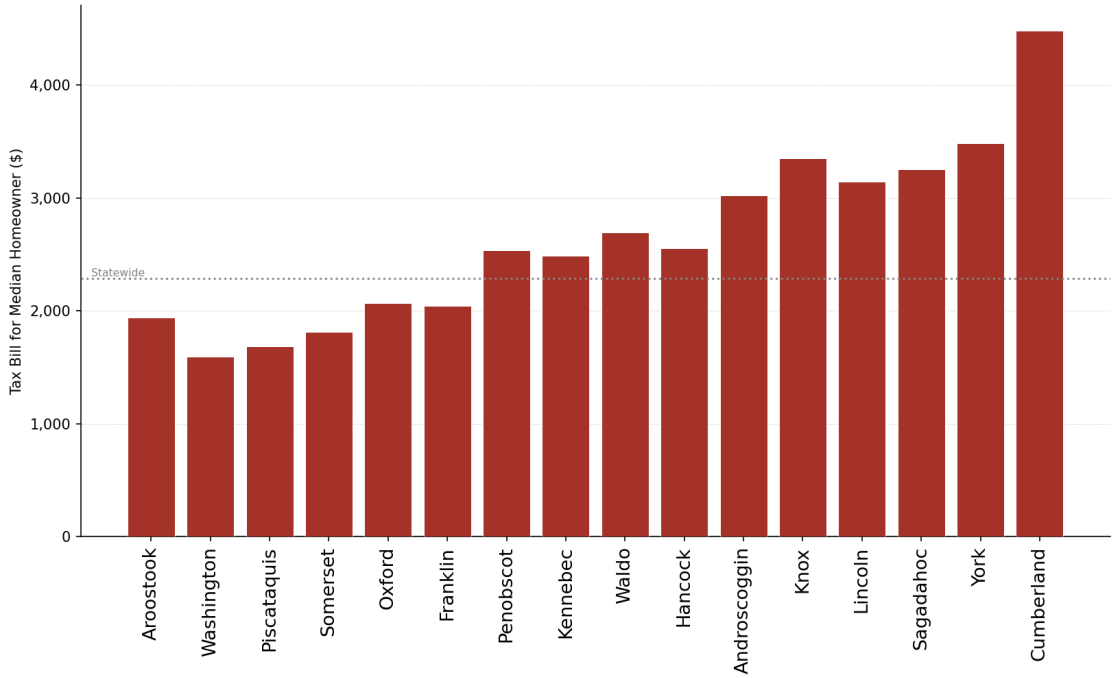
By County: parcel-mean



Average Property Tax Bill, by County (parcel-mean)

Parcel-mean tax bills range from about $1,700 in Piscataquis to ~$7,400 in Cumberland, more than a fourfold gap, wider than the gap in underlying property values. Lincoln County is a notable outlier: above-median property values pair with a below-statewide-average tax bill (~$2,800), pointing to relatively low mill rates. Knox and Sagadahoc post bills well above the statewide average somewhat out of proportion to their property values, pointing to higher effective tax rates in those counties.

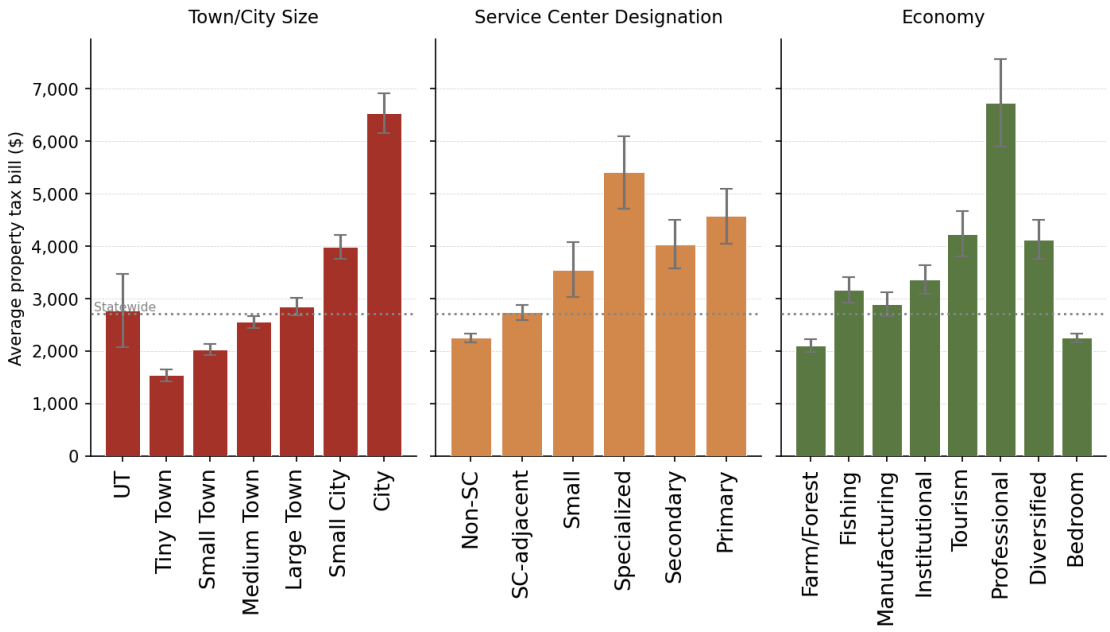
By county: tax bill for the median homeowner



Tax Bill for Median Homeowner, by County

The median-homeowner figure produces a comparable but somewhat narrower spread, from ~$1,600 in Washington and ~$1,690 in Piscataquis at the low end, to ~$4,480 in Cumberland and ~$3,490 in York at the high end (a roughly 2.8x spread). The narrower spread relative to the parcel-mean reflects two effects: the median-homeowner figure removes the influence of high-value commercial and industrial parcels in larger jurisdictions, and the homestead exemption is a fixed dollar amount (not a percentage), so it represents a larger relative reduction in lower-value markets.

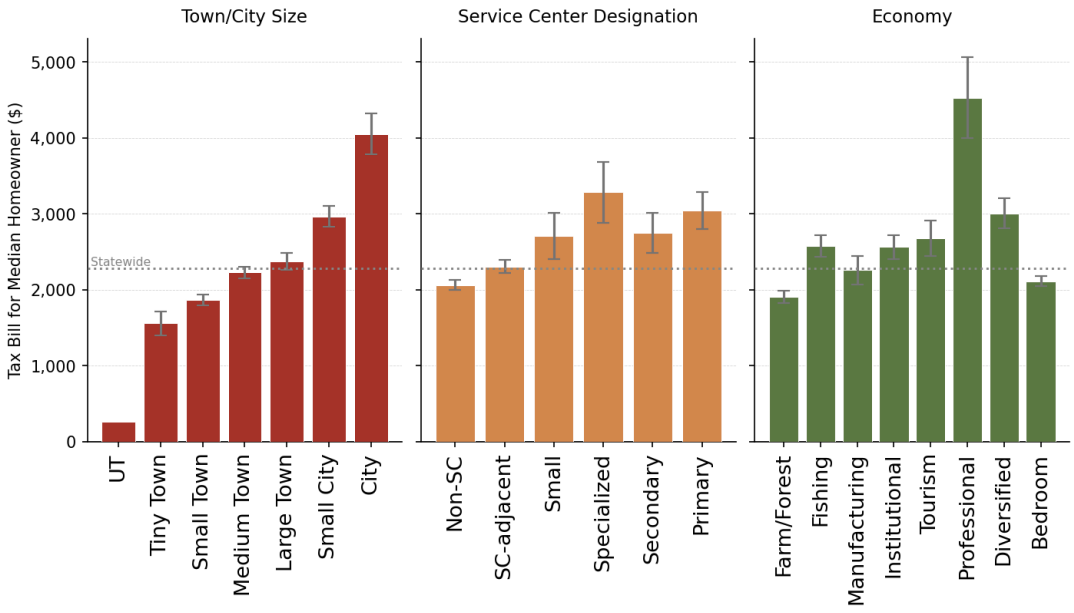
By municipality type: parcel-mean



Average Property Tax Bill, by Municipality Type (parcel-mean)

On size, parcel-mean tax bills rise consistently with municipality size, from roughly $1,500 in Tiny Towns to ~$6,500 in Cities (a steeper gradient than for property values alone, reflecting both higher values in larger places and the greater per-parcel revenue demands of urban services). On service-center designation, Specialized service centers post the highest bills (~$5,400), followed by Primary (~$4,600); Non-SC and SC-adjacent municipalities cluster at the low end (~$2,200-$2,750). The pattern is consistent with service centers bearing heavier infrastructure and service costs. On economy, Professional municipalities post the highest bills by a wide margin (~$6,700), with Tourism (~$4,200) and Diversified (~$4,100) also above average. Farm/Forest and Bedroom anchor the low end (~$2,100-$2,300).

By municipality type: tax bill for the median homeowner



Tax Bill for Median Homeowner, by Municipality Type

By size, Cities post the highest median-homeowner bill (~$4,000), Tiny Towns the lowest (~$1,500), with intermediate sizes between. By service-center designation, Specialized centers (~$3,300) and Primary centers (~$3,000) lead, with Non-SC and SC-adjacent municipalities just over $2,000. By economy, Professional-services communities sit highest at ~$4,530; Farm/Forest economies lowest at ~$1,900. The relative ordering across categories matches the parcel-mean view, but the absolute gradient is narrower because the median-homeowner figure is anchored by typical residential value rather than by the full parcel mix.

Key Findings

1. **Cumberland's parcel-mean tax bill is more than four times Piscataquis's**, a wider spread than the gap in property values, meaning rates do not fully offset the value disparity. The median-homeowner view shows a narrower 2.8x gap, consistent with high-value commercial parcels lifting the parcel-mean in the wealthier counties.
2. **City residents pay roughly four times more per parcel than Tiny Town residents**, and the size gradient in bills is steeper than the value gradient. The median-homeowner figure compresses this somewhat (Cities ~$4,050 vs Tiny Towns ~$1,560, a 2.6x ratio), but the direction is the same.

Median Income

Motivation

Median household income is the natural denominator for evaluating property-tax burden. A property tax bill is meaningful only relative to a household's capacity to pay it, and that capacity is shaped principally by income. This section reports median income at the state, county, and municipality-type levels; the share of income spent on property tax is reported separately in the Property Tax as % of Income measure.

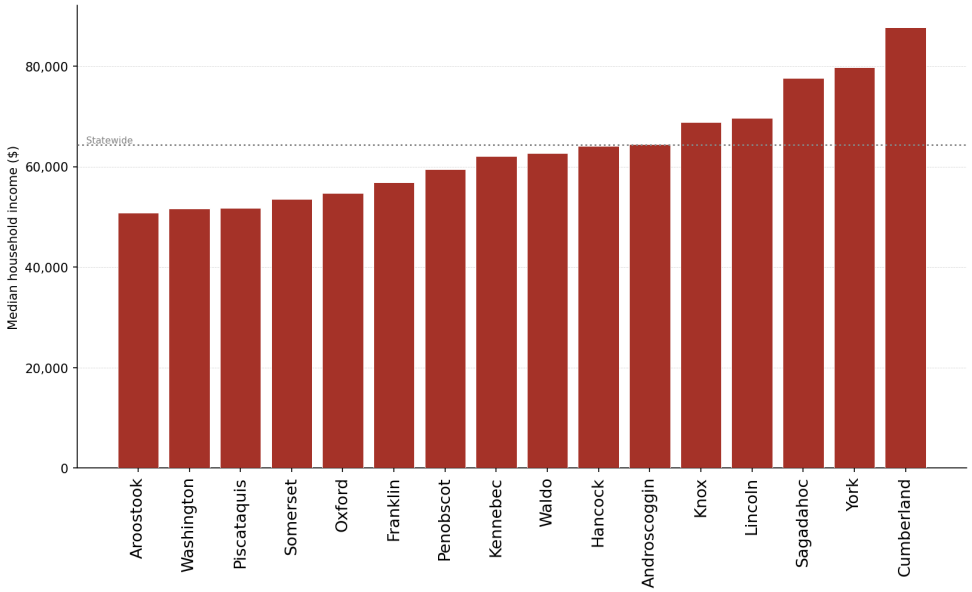
Measure

The measure is median household income across all households from the American Community Survey 5-year estimates, 2022 vintage (variable B19013). Five-year pooling is necessary because most Maine municipalities are too small to support reliable single-year estimates, and as a consequence each year's value is a five-year trailing average that lags shifts in the underlying labor market. We aggregate to county and state levels using population-weighted averages.

Statewide Snapshot & Time Trends

The statewide median household income in 2022 was $68,300.

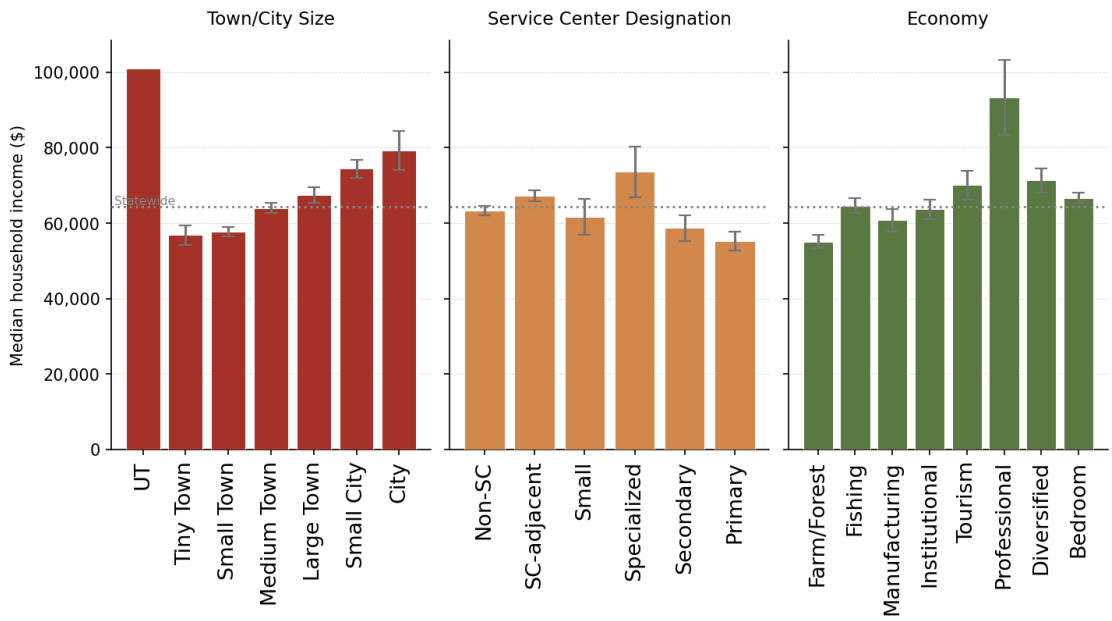
By County



Median Household Income, by County

County-level median incomes range from about $51,000 in Aroostook and Washington to $87,000 in Cumberland, a 1.7× spread. The pattern follows the property-value gradient closely: southern Maine and the midcoast lead, while the northern and interior counties post the lowest incomes. The income gradient is materially smaller than the property-value gradient (~5× across counties), which has direct implications for the % of income measure.

By Municipality Type



Median Household Income, by Municipality Type

On size, median income rises with municipality size from about $57,000 in Tiny Towns to $79,000 in Cities. UTs sit highest at ~$101,000, but with a small population and unusual composition.

On service-center designation, this is the inverse of most other patterns in this report: Primary service centers post the lowest median income (~$55K), with Secondary and Small service centers also below the statewide line. Specialized service centers post the highest income (~$73K). Combined with finding that Primary service centers post the highest ETRs, this means that service centers may be asking their lower-income residents to fund the heaviest service loads at the highest effective rates.

On economy, Professional (~$93K) and Diversified (~$71K) economies post the highest incomes; Tourism (~$70K) is also above the statewide line. Farm/Forest is the lowest at ~$55K.

Key Findings

1. **The county-level income gradient is about 1.7×**, materially smaller than the 5× spread in property values. This means lower-income counties carry a thinner tax base with higher effective rates.

2. **Primary service centers post the lowest median income of any service-center designation while also posting the highest effective tax rates.**

Property Tax as Share of Income

Motivation

Research question: Which areas face the highest effective tax burden relative to incomes?

Property tax bills, mill rates, and home values all describe the system from the property side. The share of income spent on property tax describes it from the household side: of every dollar a typical homeowner earns, how much goes to local property taxes? This is the cleanest single number for capturing tax burden relative to capacity to pay, and it is the most directly relevant measure to the Task Force's framing of "who is most negatively affected by the current system."

Measure

For each municipality, we estimate the property tax bill for a typical owner-occupied homeowner with a homestead exemption using:

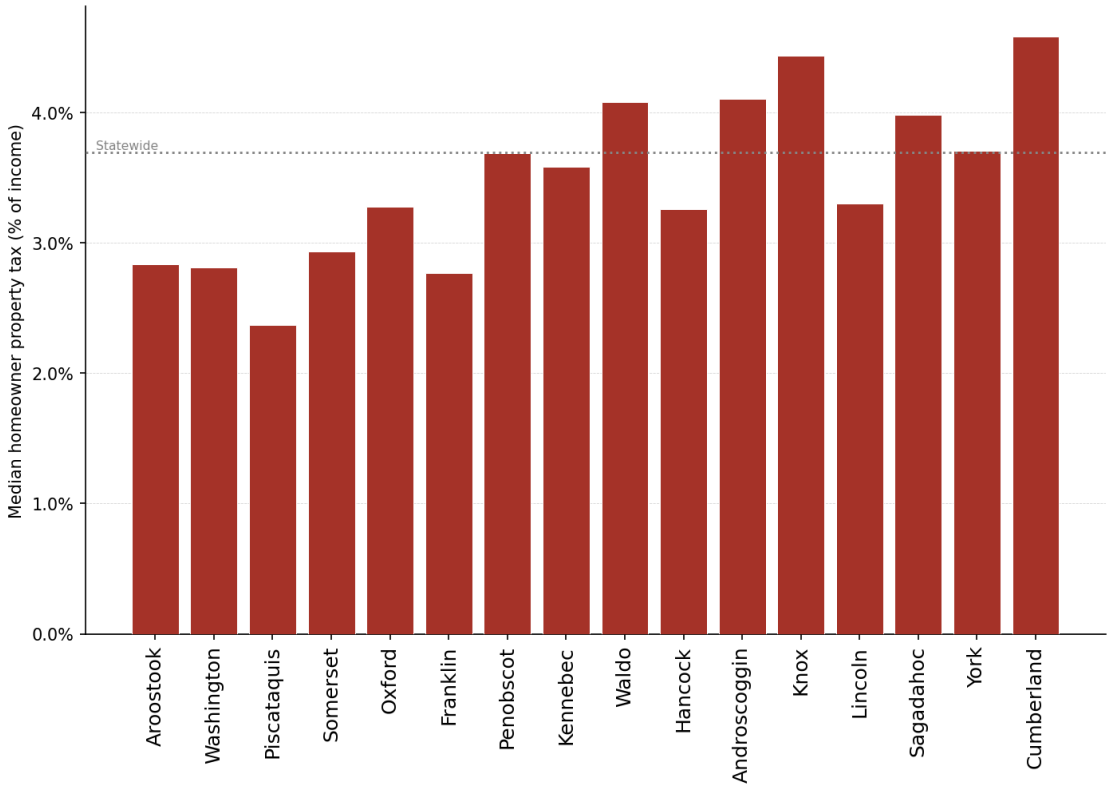
> tax bill = (median home value − homestead exemption) × certified ratio × mill rate

Median home value comes from the American Community Survey 5-year estimates (2022 vintage; variable B25077, owner-occupied housing units). Certified ratios and mill rates come from the Municipal Valuation Return for the matching year — the 2022 return for the cross-sectional snapshot, and each year's own return for the time series. The homestead exemption is likewise set to the amount in force in each year, following its true historic path ($10,000 → $15,000 → $20,000 → $25,000).

We then divide the estimated tax bill by ACS median household income for owner-occupied units (variable B25119_002, $82,318 statewide), giving the share of income that the typical homeowner spends on property tax. This denominator is higher than the all-households median ($68,251) reported in the Median Income section because owner households earn more than the renter-inclusive population; the owner-occupied figure is the appropriate denominator for a homeowner-burden measure, and we use it consistently across the cross-sectional snapshot and the full time series so that every number in this section is on the same basis. Both inputs are 5-year ACS estimates, so they capture trailing-five-year averages and lag the current market somewhat.

The ACS 5-year window is necessary because most Maine municipalities are too small to support reliable 1-year estimates. As a consequence, this measure under-reflects very recent shifts in either home values or incomes. Coverage is strong: 457 of 482 municipalities have a published value, and all 16 counties are reported. Municipalities with insufficient ACS coverage are excluded.

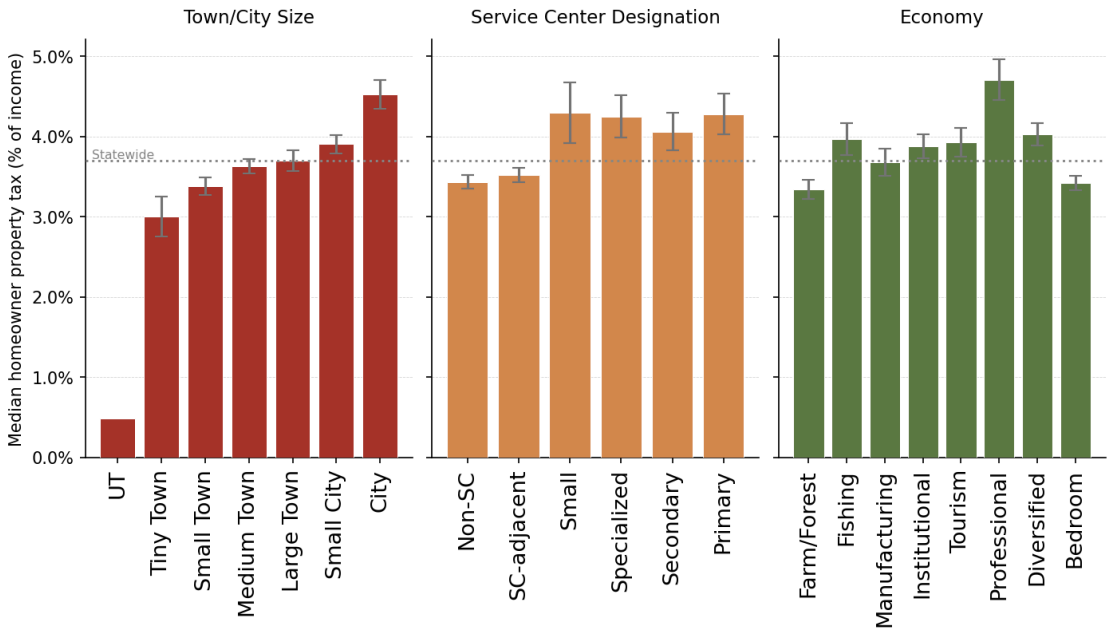
By County



Property tax as a share of income, by county (2022). *Median owner-occupied homeowner; dotted line = statewide 3.7%. Counties ordered by median household income (lowest to highest). Source: 2022 ACS 5-year estimates; 2022 Municipal Valuation Return.*

The county-level burden ranges from about 2.4% in Piscataquis to 4.6% in Cumberland, a roughly 1.9× spread. Counties with higher property values (Cumberland, Knox, Sagadahoc, Waldo, York) post the highest income shares, joined by Androscoggin, where comparatively high mill rates lift the burden on modest values; counties with lower property values (Piscataquis, Franklin, Washington, Aroostook, Somerset) post the lowest. This is somewhat counter to the per-parcel effective tax rate pattern, where the rate is highest in Aroostook and similar low-value counties, but here the much higher home values in southern and coastal Maine outweigh the rate gap when expressed as a share of income.

By Municipality Type



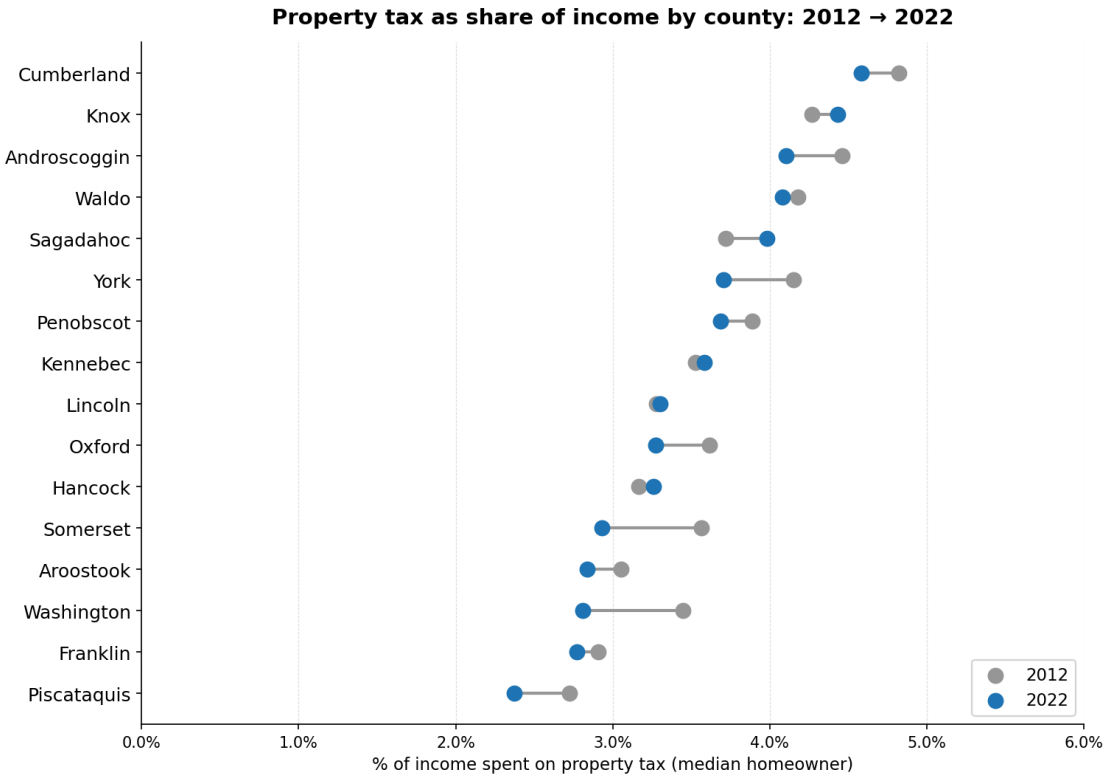
Property tax as a share of income, by municipality type (2022). *Median owner-occupied homeowner; dotted line = statewide 3.7%; error bars show the standard error of the within-group mean. Source: 2022 ACS 5-year estimates; 2022 Municipal Valuation Return.*

On size, the share rises with municipality size: from about 3.0% in Tiny Towns to 4.5% in Cities. UTs sit near zero on this measure because UT residents are not subject to municipal property taxes (only the state-administered UT mill rate applies).

On service-center designation, the service centers — Small, Specialized, Secondary, and Primary — all cluster around 4.1–4.3%, notably above Non-SC and SC-adjacent municipalities (which sit near 3.5%). The pattern is consistent with the effective tax rate finding: service centers fund a heavier service load through their property tax base, and that translates into a higher share of income for their residents.

On economy, Professional (~4.7%) sits at the top, consistent with high residential values. Bedroom and Farm/Forest are at the bottom of the distribution (~3.3–3.4%), consistent with their lower residential values and lower service obligations.

By County, 2012 vs 2022



Property tax as share of income by county: 2012 → 2022. *Median owner-occupied homeowner, both years on the consistent owner-income basis. Source: 2012 and 2022 ACS 5-year estimates; 2012 and 2022 Municipal Valuation Returns.*

Across all 16 counties the picture is consistent: the share of income spent on property tax is lower in 2022 than in 2012 in 11 of 16 counties. The five counties showing a small increase (Sagadahoc +0.26pp, Knox +0.16pp, Hancock +0.09pp, Kennebec +0.06pp, Lincoln +0.02pp) are all up by less than a third of a percentage point. The largest declines are in Washington (−0.64pp), Somerset (−0.63pp), York (−0.44pp), Androscoggin and Piscataquis (−0.35pp each), and Oxford (−0.34pp).

The county-level ranking has been stable: Cumberland has been the highest-burden county throughout the period, with Androscoggin and Knox close behind, and Piscataquis the lowest. The relative ordering of the 16 counties barely changes from 2012 to 2022: the entire distribution shifted modestly downward together rather than rearranging.

Key Findings

1. The typical Maine homeowner with a homestead exemption spends about 3.7% of household income on property tax, with most counties falling between about 2.8% and 4.4% (full range 2.4%–4.6%).

2. Higher-value southern and coastal counties carry the highest income shares despite their lower per-parcel effective tax rates — expressed against income, the value gap dominates the rate gap.

3. Service-center residents face higher income shares than residents of Non-SC and SC-adjacent municipalities, mirroring the effective tax rate pattern and consistent with service centers funding services that are also used by neighboring communities.

Tenure of Ownership

Motivation

Research question: How does the homeownership tenure vary across the state? Are long-term homeowners disproportionately affected by rising property tax bills?

Tenure of ownership matters because long-term homeowners face a different relationship with the property tax than recent buyers do. A homeowner who purchased decades ago has experienced cumulative property tax increases as values have risen, but may not have benefited from the income or equity gains that would normally accompany a property's appreciation, particularly if they are retired or on a fixed income. Whether long-tenured owners are disproportionately affected by Maine's property tax depends on where they live, how their values have moved, and whether relief programs reach them.

Measure

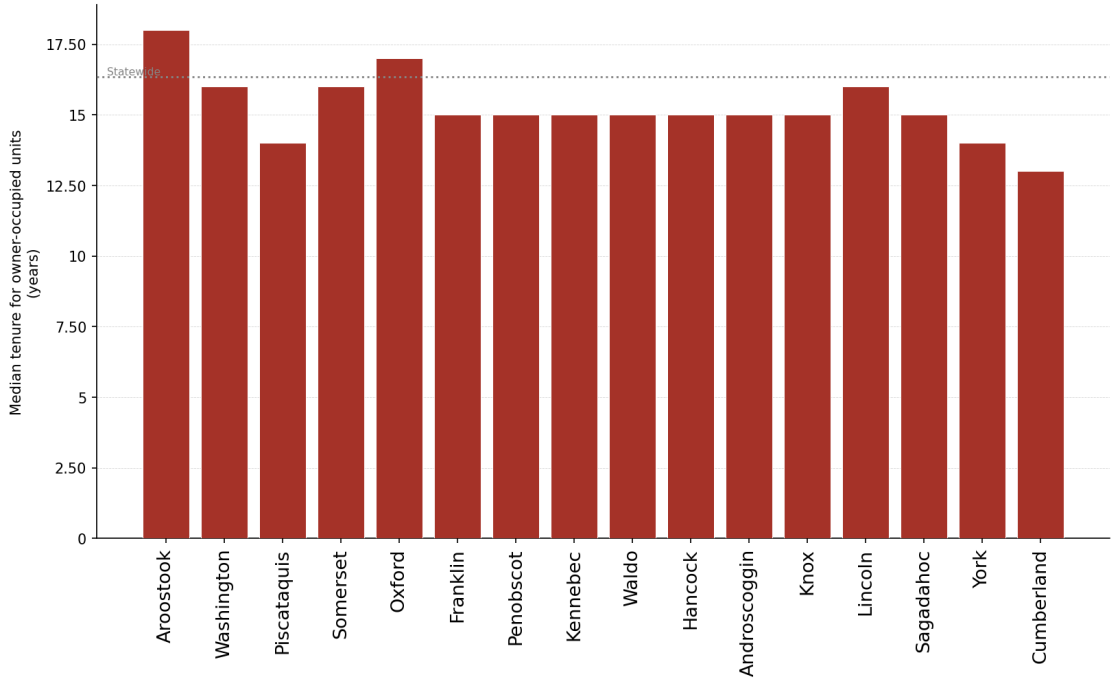
We report the median number of years that current owner-occupied households have lived in their home, derived from the U.S. Census Bureau's American Community Survey 5-year estimates (Table B25039: median year householder moved into unit, owner-occupied units). The figure is computed by Census as 2023 minus the published median move-in year. County and state values are pulled directly at those geographies from the ACS API; municipality values use the Census county-subdivision estimates joined to the project's canonical municipality list via crosswalk. Estimates are suppressed for areas with fewer than 10 owner-occupied units.

This is a different question than "when did the parcel last change hands." A municipality with many family-held parcels that have not transferred in decades will show a long apparent parcel-mean tenure under sale-date methodologies, but the *people living in those homes* may have moved in more recently. ACS B25039 reflects the actual residency tenure of current owner-occupiers and is the measure most directly responsive to the RFP's question about length of homeownership. We have side calculations on hand using ATTOM sale-date averages and Maine RETT records (the State's Real Estate Transfer Tax) for the times when the sale-date question is the right one.

Statewide Snapshot

The median Maine homeowner has lived in their home for approximately 15 years. Across municipalities the median tenure is tightly distributed; the unweighted municipal median is 16 years and most municipalities report values between 13 and 20 years. Coverage is strong: 485 of 494 jurisdictions and all 16 counties have a published value.

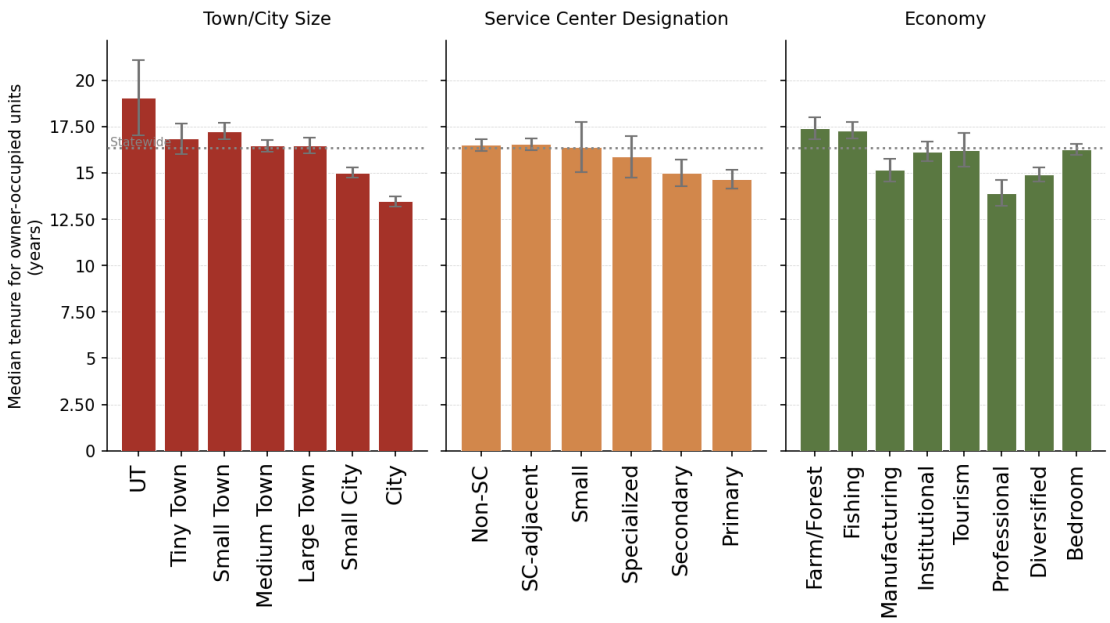
By County



Tenure of Ownership, by County

The county-level range is narrow from 13 years (Cumberland) to 18 years (Aroostook). Cumberland, York, and Piscataquis sit at the low end (13–14 years), reflecting Maine's most active housing markets in the south and the relatively recent in-migration to the more rural Piscataquis economy. Aroostook (18), Oxford (17), Lincoln (16), Somerset (16), and Washington (16) sit at the high end, consistent with rural and northern counties where households are less mobile. The county-level spread is much smaller than the muni-level spread — most variation in homeowner tenure plays out within counties, not between them.

By Municipality Type



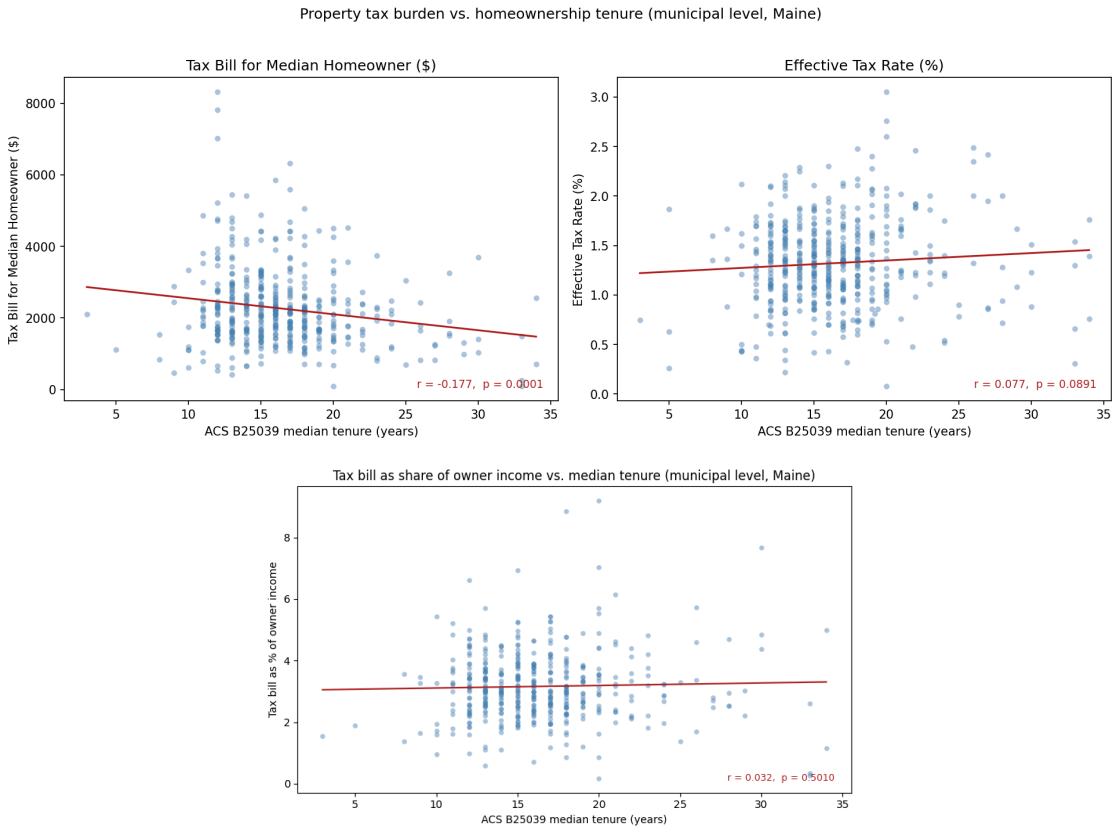
Tenure of Ownership, by Municipality Type

By size, cities show the shortest tenure (~13 years) and rural municipal categories (Small Towns and Unorganized Territories) the longest (~17–18 years). On economy classification, professional-services and diversified-economy municipalities post the shortest tenures (~13–15 years), and farm/forest and fishing-economy munis post the longest (~17–18 years). The size and economy gradients are mild but consistent, and they line up with intuition: more economically dynamic communities have more household mobility.

Are Long-Term Homeowners Disproportionately Affected by Rising Property Tax Bills?

In this section, we consider whether there is evidence that long-term homeowners are facing higher tax burdens than other types of property owner.

Municipal-level picture



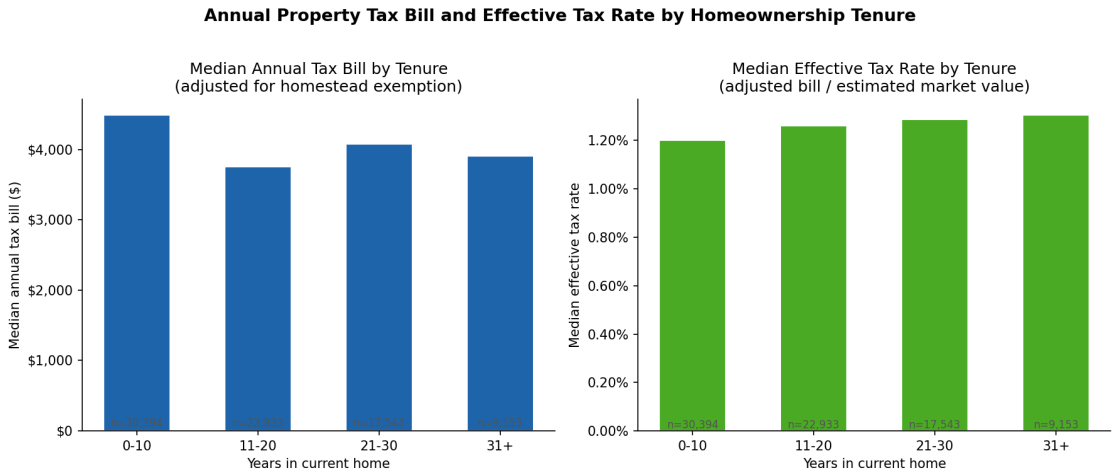
Property tax burden vs. homeownership tenure (municipal level)

At the municipality level, using ACS median tenure and ACS tax measures, the first two scatter plots above tell a consistent story. Longer-tenure municipalities tend to pay lower median tax bills: the correlation is negative and statistically significant ($r = -0.18$, $p < 0.001$). This reflects the simple fact that communities with the most entrenched homeowner populations such as rural, lower-value towns like those in Aroostook and Washington counties also tend to have lower assessed values and lower absolute bills. The effective tax rate (mill rate × certified ratio, right panel) shows a weak positive relationship ($r = 0.077$, $p = 0.089$) that does not clear

conventional significance thresholds. Likewise, there is no significant relationship between tenure and property taxes as a share of income (r = 0.032, p = 0.501).

Taken together, the municipality-level data offer no strong evidence that long-tenure communities face a systematically heavier property tax burden.

Parcel-level picture



Annual property tax bill and effective tax rate by homeownership tenure

The parcel-level analysis uses ATTOM assessor records matched to Maine Revenue Services mill rates and certified ratios. The sample is restricted to owner-occupied residential parcels with valid tax bills, assessed values within 5% of the MVR-implied mill rate (to exclude TIF districts and data mismatches), and a recorded sale date from which tenure can be estimated. Tax bills are adjusted for the homestead exemption: each parcel's bill is reduced by $25,000 × certified ratio × mill rate, and then winsorized at the 99th percentile to remove outliers. The final regression sample covers 81,152 parcels across 138 municipalities.

The left bar chart confirms the municipal-level pattern: in absolute dollar terms, longer-tenure owners pay less, with the 0–10 year group posting the highest median adjusted bill ($4,400) and the 11–20 group the lowest ($3,700). A formal regression of adjusted tax bill on tenure yields a coefficient of −$22 per year of tenure ($p < 0.001$), meaning a homeowner with 20 years in their property pays roughly $440 less per year than a comparable new buyer in the same municipality.

The right bar chart introduces the more policy-relevant question. Measured as adjusted bill divided by estimated market value, the effective tax rate shows a mild upward gradient with tenure from approximately 1.20% for the 0–10 group to 1.30% for the 31+ group. An OLS

regression confirms this positive relationship (coef = +0.0042 percentage points per year, t = 46, p ≈ 0).

The Composition Effect

However, this cross-sectional gradient largely disappears once municipality fixed effects are introduced. The within-municipality regression yields a coefficient of −0.00017 percentage points per year (t = −4.4, p < 0.001), a statistically significant but economically negligible negative relationship. This reversal reveals that the OLS result is driven by composition: long-tenure owners disproportionately live in high-mill-rate rural municipalities, where effective rates are structurally higher for everyone. Within any given municipality, longer-tenure owners actually face a slightly lower effective rate, consistent with assessed values drifting below market over time as revaluations lag appreciation.

Key Findings

Tenure and property values move in opposite directions: the counties and municipality types with the longest tenure tend to have the lowest home values, concentrating assessment-drift risk among the least financially resilient homeowners. Aroostook County, with the longest median tenure in the state at 18 years, nearly five years more than Cumberland, also ranks among the lowest for property values. Farm/forest and fishing municipalities show the same pattern at the economy level, combining the longest tenure with the weakest housing markets. This convergence is significant: it means the communities most exposed to the equity problems that arise when assessments fall behind market values are precisely those least equipped to absorb unexpected tax increases.

Farm/forest communities face the sharpest long-tenure risk: the combination of the longest tenure (~17–18 years), lowest property values, and weakest housing markets makes these communities most vulnerable to the fiscal and equity problems that arise when assessments fall out of step with market reality. Unlike urban and professional-economy municipalities, where active resale markets and frequent in-migration help keep assessed values current, farm and forest towns experience few transactions to trigger reassessment, leaving long-established residents increasingly exposed to the gap between what their home is worth and what it is taxed at.

Despite the concentration of long-tenure owners in high-mill-rate communities, the data do not show that tenure itself raises property tax burdens, and within municipalities, longer tenure is associated with a slightly lower effective rate, consistent with assessed values drifting below market over time. Parcel-level analysis of 81,000 owner-occupied properties shows that the apparent cross-sectional pattern of rising effective rates with tenure is a composition effect: long-tenure owners cluster in rural municipalities where everyone faces higher rates. Controlling for municipality, each additional year of tenure is associated with a marginally lower effective

rate. This suggests that assessment drift, where it occurs, currently provides a modest implicit benefit to long-established owners though this protection is fragile and depends entirely on how recently a municipality has revalued.

Waterfront vs Non-Waterfront

Motivation

Research question: How do property values and tax burdens differ between (residential) waterfront and non-waterfront properties, and what does this imply for the distribution of the tax burden across these property types?

Waterfront property is one of the most distinctive features of Maine's tax base. With more than 5,000 miles of tidal coastline plus thousands of inland lakes and ponds, Maine has an unusually high concentration of waterfront parcels relative to most states. These parcels typically command premium values and attract a disproportionate share of seasonal and second-home ownership. Whether waterfront properties bear a tax burden proportional to their value and whether their concentration crowds out the share of value going to year-round residents is a recurring concern for the Task Force.

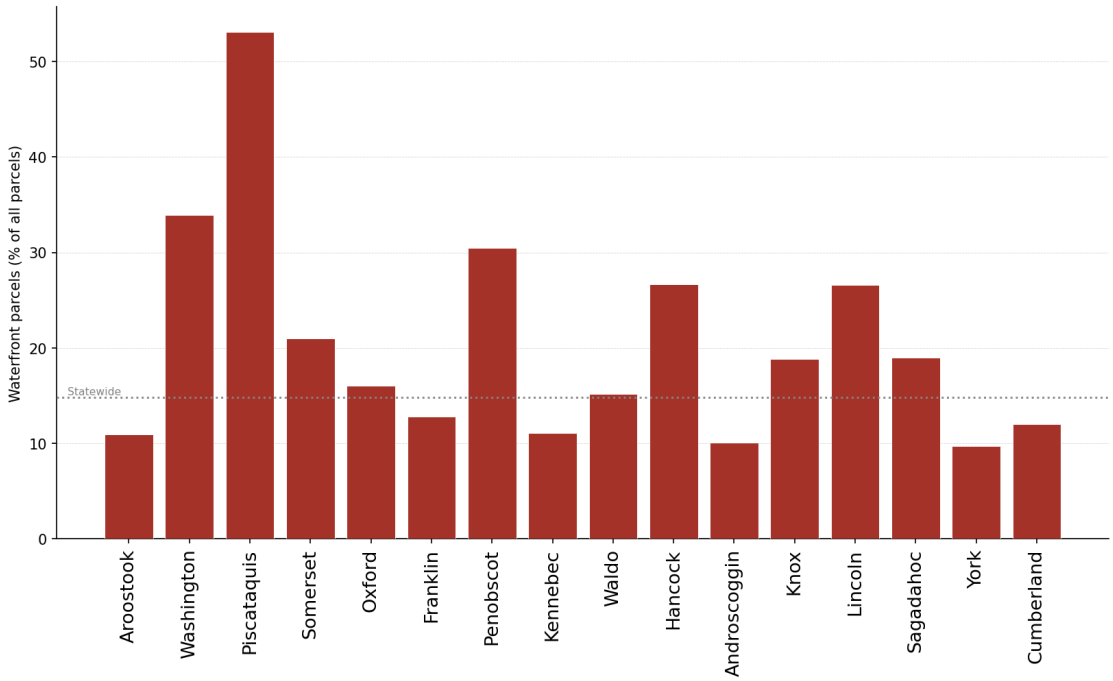
Measure

The measure is the percentage of parcels in a given area flagged as waterfront, using a spatial join between Regrid parcel polygons and an OpenStreetMap hydrography layer. The measure does not weight by parcel size or value; a small lakefront cottage and a large coastal estate count as one waterfront parcel each. Working-waterfront classification (commercial fishing, aquaculture) is held separately and reported under the Fishing economy designation.

Statewide Snapshot

The statewide waterfront share is 14.9%.

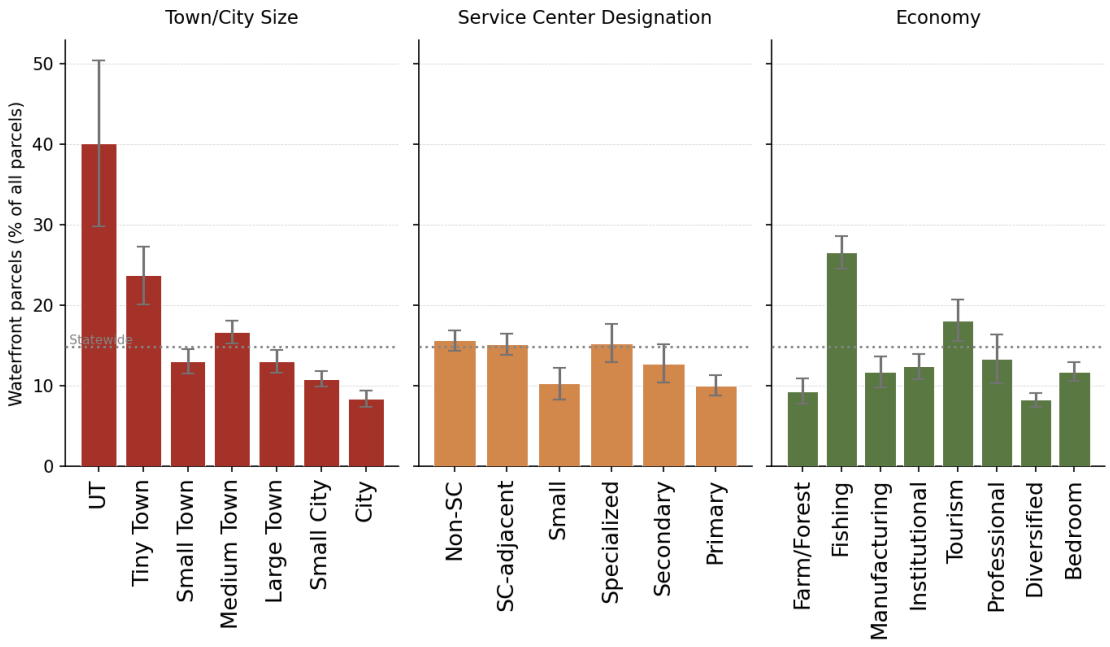
By County



Waterfront Share, by County

Waterfront share ranges from about 10% in York and Androscoggin to over 50% in Piscataquis. The leaders combine large inland lake systems (Piscataquis: Moosehead Lake; Penobscot: Penobscot River and lakes) with tidal coastline (Washington, Hancock, Lincoln). Cumberland's modest 12% share is striking given its long coastline; it likely reflects the dilution effect of the Portland metro's dense interior parcel inventory, even as Cumberland's value exposure to waterfront remains substantial.

By Municipality Type



Waterfront Share, by Municipality Type

Waterfront concentration falls sharply with municipality size: Unorganized Territories (~40%) and Tiny Towns (~24%) are heavily waterfront, while Cities are below 10%. By economy, Fishing (~26%) and Tourism (~18%) economies are most exposed to waterfront concentration, as expected.

Key Findings

1. **Roughly one in seven Maine parcels is waterfront**: exceptionally high by national standards, and a defining feature of the state's tax base.

2. **Waterfront properties are a larger share of the property tax base in smaller municipalities** and, unsurprisingly, fishing communities.

Property Type Composition and Commercial Share

Motivation

Research questions: What share of properties in each municipality are Residential, Commercial, Rural, and Other? How do property values and effective tax burdens vary by property type? What share of the tax base is made up of commercial properties, and how does this vary across different types of municipality?

The composition of a municipality's parcel inventory (what share is residential, commercial, agricultural, and so on) shapes everything else in this report. A municipality that is overwhelmingly residential by parcel count faces fundamentally different policy choices than one with a substantial commercial base. Composition determines the share of the levy that residents shoulder versus businesses, the resilience of the tax base to housing-market shocks, and the targeting of relief programs. The commercial share, in particular, speaks directly to one of the Task Force's central questions: how much of the local property tax burden falls on year-round homeowners versus on businesses. A community with a robust commercial tax base has structural diversification options that an overwhelmingly residential community lacks; where commercial property is sparse, the residential parcel inventory carries most of the local tax obligation by default.

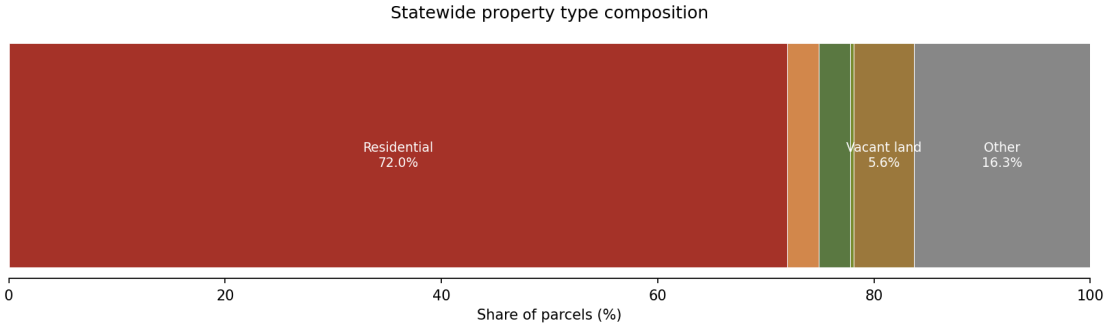
Measure

We classify each parcel into one of six high-level categories: Residential, Business, Public, Agricultural, Vacant Land, and Other. The classification uses a cascade across multiple data sources: ATTOM property-use codes are the primary source where reliable, with Regrid land-use descriptors and zoning used to fill gaps. Tax Commitment Book data is being integrated for selected municipalities to refine classification where the cascade is weak. Municipalities where more than 30% of parcels land in the generic Other bucket are suppressed from this measure rather than carry through unreliable percentages: under that quality threshold, 310 of 472 municipalities are reported, and Piscataquis is the one county suppressed. More information on our categorization technique is available in the Appendix.

The Business category aggregates Commercial, Retail, Industrial, and Mixed-Use parcels. This measure does not capture non-real-estate business property, most notably the Business Equipment Tax Exempt (BETE) program, which removed substantial taxable equipment value from municipal rolls. The fiscal effect of BETE on local tax bases is treated separately in the Effect of Nontaxable Property section.

Statewide coverage is 100% of parcels at the high-level category and 84% at a more detailed sub-category level. The state-level percentages reported below are unchanged by the muni-level suppression because they are computed from the full parcel inventory.

Statewide Composition



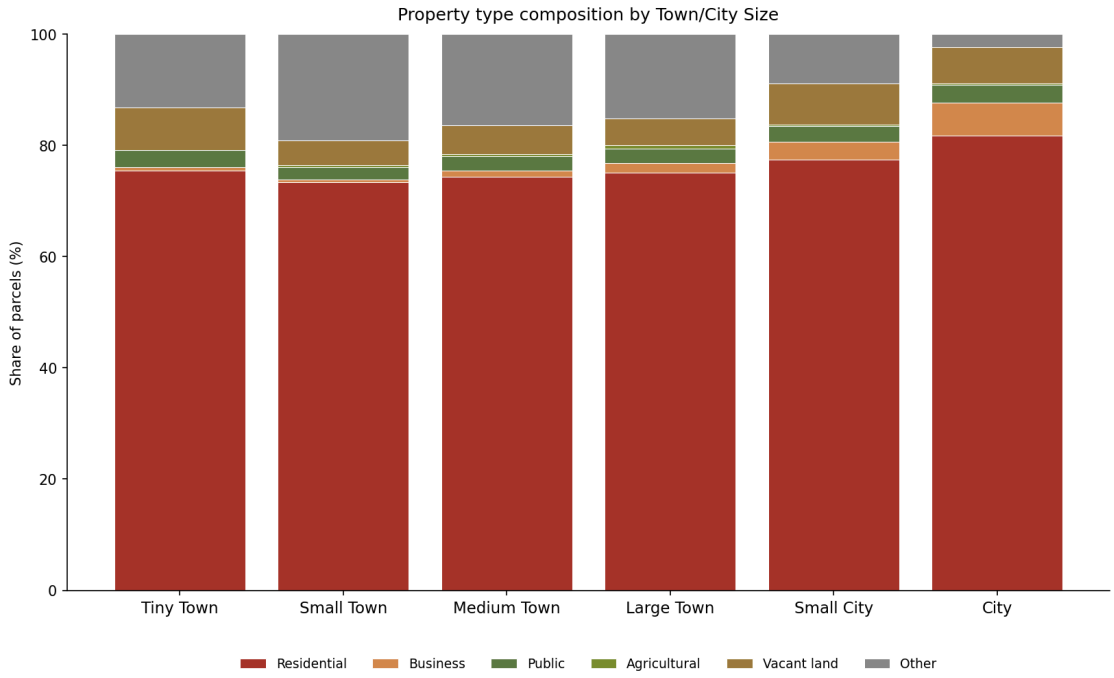
Statewide Property Type Composition

Statewide composition:

- Residential: 72.0% (median value ~$170,000)
- Business: 2.9% (median value ~$336,000, roughly 2x the typical residential parcel)
- Public: 2.9%
- Agricultural: 0.3%
- Vacant land: 5.6%
- Other (unclassified): 16.3%

Residential parcels dominate the inventory at nearly three-quarters of all parcels, but their median value is well below the median value of the much smaller business inventory. The Other category is meaningful and uneven across the state, concentrated in smaller municipalities where the cascade has weaker source data.

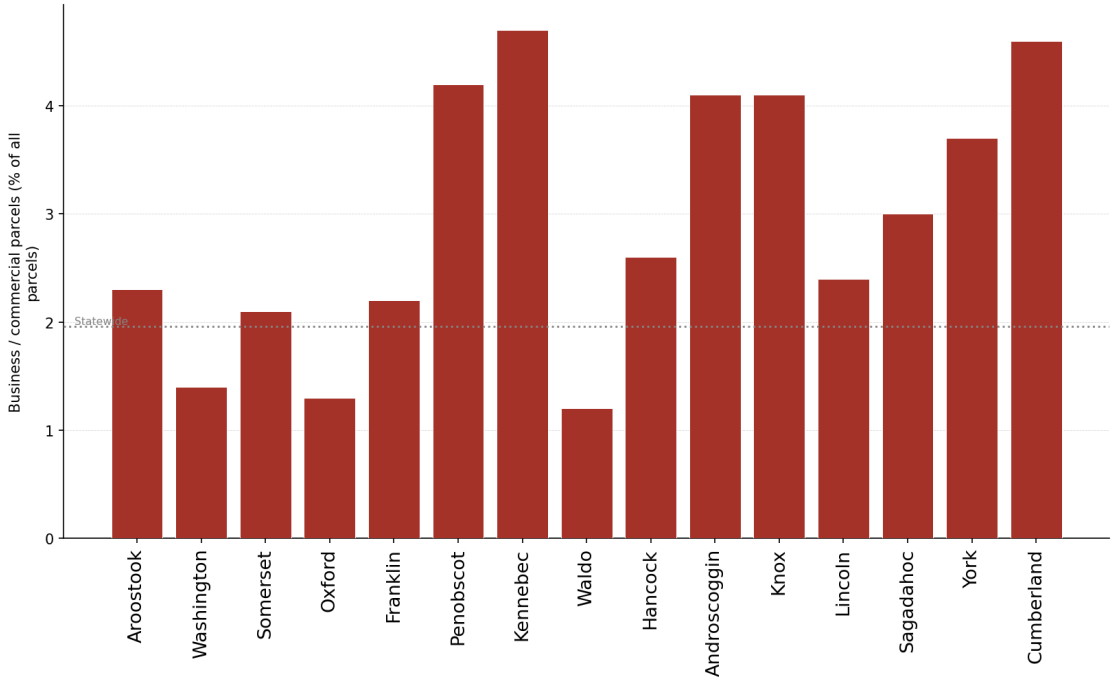
Composition by Municipality Size



Property Type Composition, by Town/City Size

Among the 310 reported municipalities, residential share is broadly similar across the size spectrum, with most categories sitting in the 73%-78% range. Cities are at the high end (~82%) and Small Towns at the low end (~73%). Business share rises clearly with size, from under 1% in Tiny and Small Towns to roughly 6% in Cities. The Other share is the clearest size-related pattern: it falls from roughly 19% in Small Towns to 2% in Cities, consistent with the cascade working better in larger municipalities with richer underlying records.

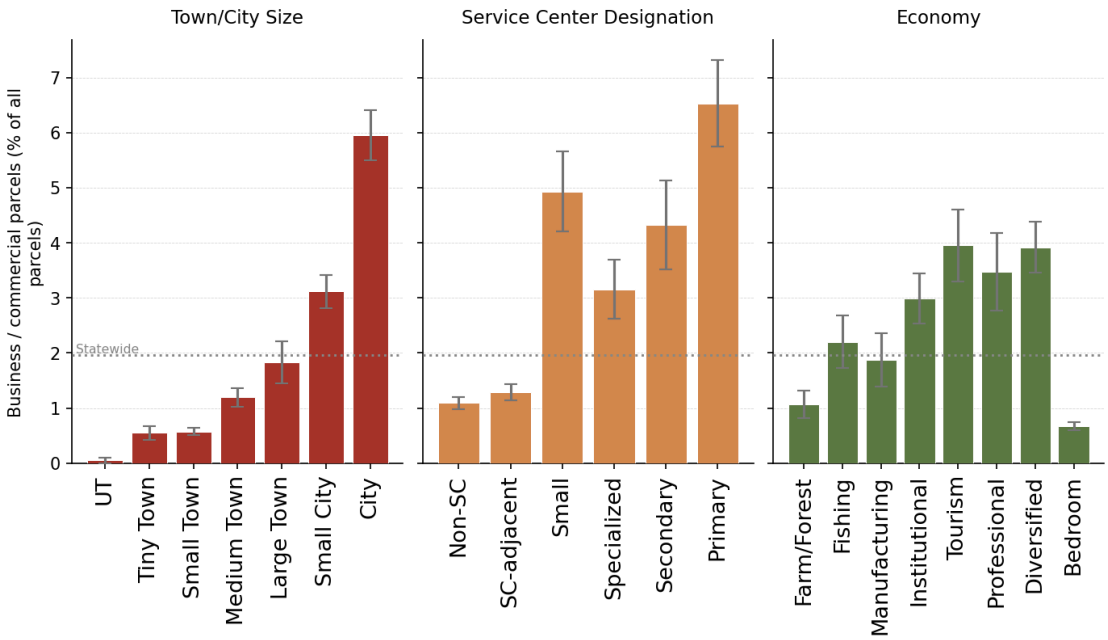
Commercial Share by County



Business Share, by County

The commercial share of parcels ranges from about 1.2% in Waldo to 4.7% in Kennebec, roughly a 4x spread. The highest-share counties (Kennebec, Cumberland, Penobscot, Knox, Androscoggin, York) contain Maine's largest population centers and most concentrated commercial activity. Rural and northern counties post the lowest shares. Piscataquis is suppressed from this measure under the 30% Other-share quality threshold.

Commercial Share, by Municipality Type



Business Share, by Municipality Type

The size gradient on commercial share is the steepest in this report: Tiny Towns (~0.4%) to Cities (~5.9%), meaning Cities have roughly 15x the business parcel share of Tiny Towns. Service centers (excluding Specialized) post the highest shares, consistent with their role as concentrated centers of commercial and institutional activity. By economy, Diversified, Professional, and Tourism economies post the highest shares; Bedroom (~0.5%) and Farm/Forest (~0.8%) post the lowest.

Key Findings

1. **Maine's parcel inventory is heavily residential** at about 72% statewide.
2. **City residential shares of over 80% have implications for tax base diversification.** A municipality whose parcel inventory is overwhelmingly residential has limited capacity to shift the levy onto non-residential payers.
3. **Cities have roughly 15x the business parcel share of Tiny Towns**, the steepest size gradient observed across measures in this report. The structural balance of the local tax base shifts dramatically across the size spectrum.

4. **Bedroom communities have remarkably low business shares (~0.5%)** despite being the largest single economic classification in Maine. Their tax base depends overwhelmingly on residential parcels.

Primary Residence Percentage

Motivation

Research question: What share of properties in each municipality are owner-occupied, and how does this vary across different types of municipality? Does a high proportion of non-primary residences tend to increase or decrease the property tax burden on owner-occupiers?

The share of parcels that are primary residences is one of the most consequential structural facts about a community's tax base. In a town where 45% of all parcels are owner-occupied homesteads, year-round residents collectively shoulder a much larger share of the property tax levy than in a town where 20% of parcels are homesteads, even at the same per-parcel mill rate. Communities with high concentrations of seasonal homes, second homes, and non-resident-owned property face a particular tension: those properties generate substantial value-based tax revenue, but their owners do not consume local services year-round and typically do not vote in local elections.

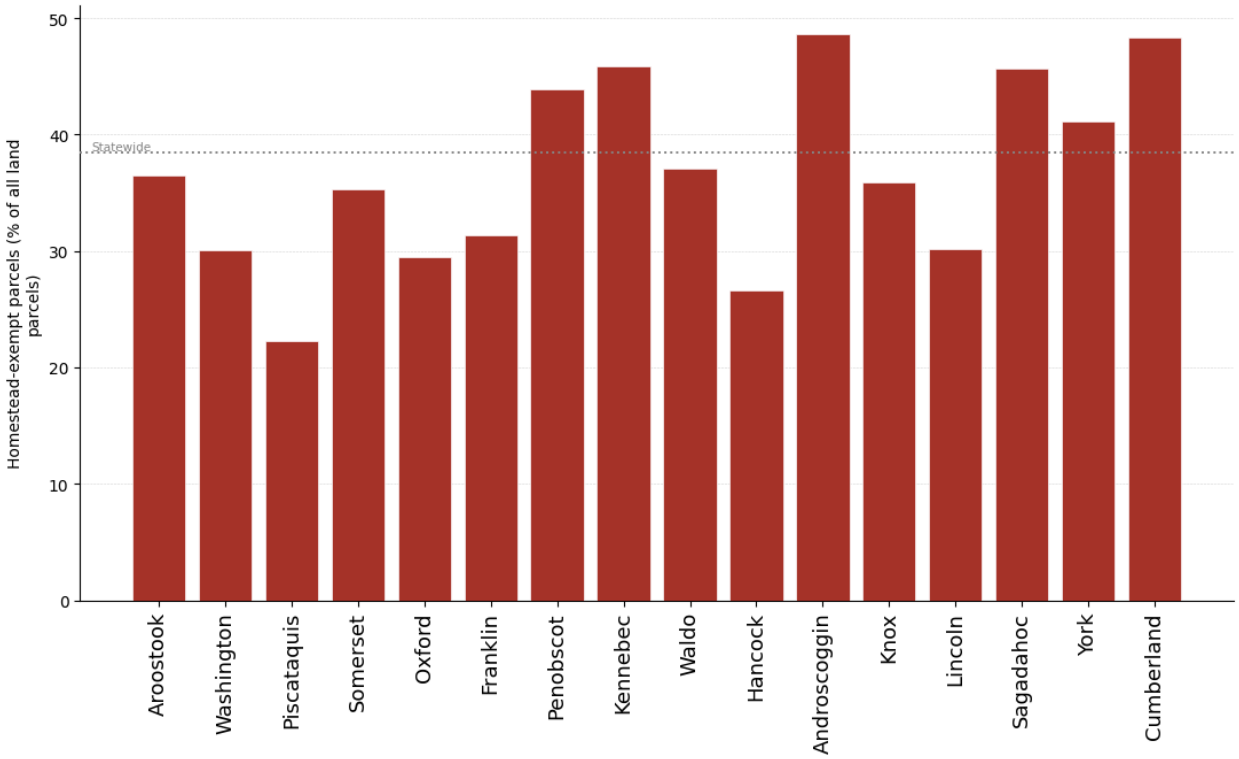
Measure

The measure is the percentage of parcels claiming a homestead exemption in 2024, drawn from the MVR. The denominator is total parcels (not housing units), so the share understates what would conventionally be reported as "primary residence rate among housing units." The homestead exemption is the most reliable statewide indicator of permanent-residence status because of the statutory restriction on who may claim it (36 M.R.S. § 681). The measure is a lower bound on actual owner-occupancy: not all owner-occupiers claim the exemption, and the exemption applies only after a 12-month residency period.

Statewide snapshot

Statewide homestead-exempt parcels number 326,096 out of 862,154 total land parcels, meaning that homestead parcels make up 38% of all land parcels in Maine.

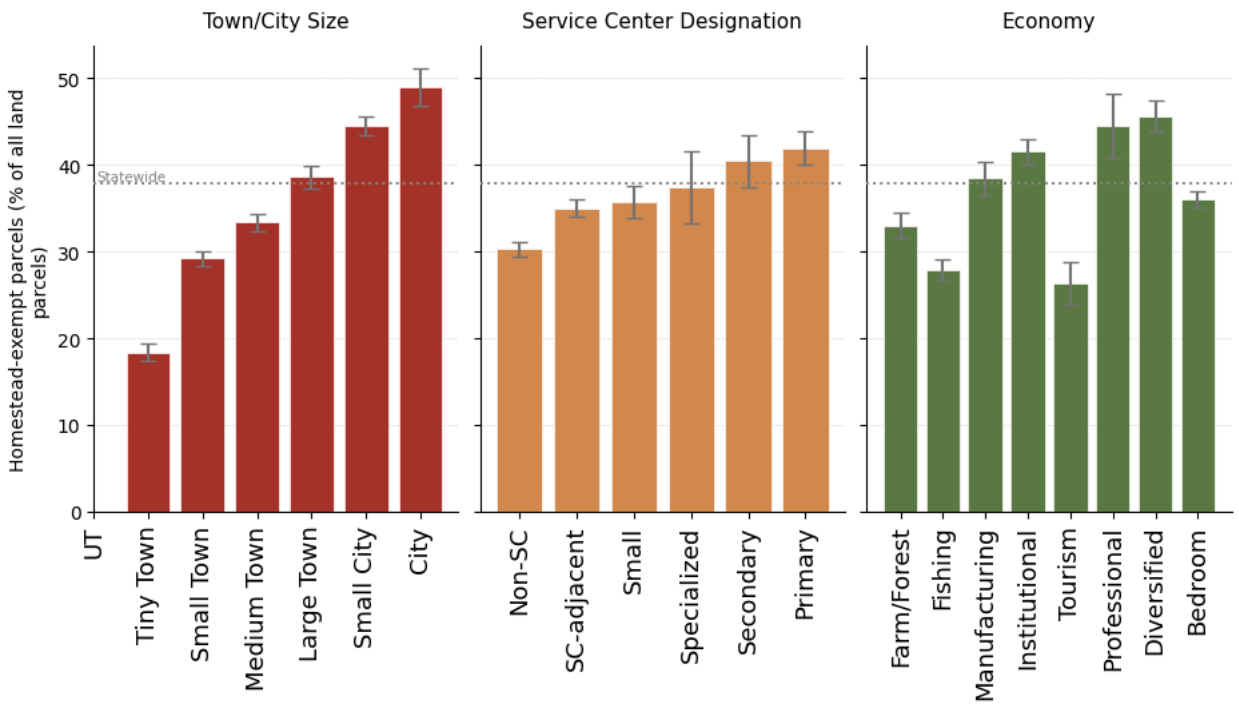
By County



Primary Residence (Homestead) Share, by County

The county-level pattern divides Maine into roughly three tiers. The highest homestead shares (~44–49%) are in Maine's most populous and economically diverse counties: Androscoggin, Cumberland, Kennebec, Sagadahoc, Penobscot, and York. The lowest homestead shares are in Hancock (~27%) and Piscataquis (~22%), where seasonal residents, second homes, and large undeveloped tracts depress the homestead-to-parcel ratio. The pattern correlates inversely with waterfront share: Piscataquis has the highest waterfront share and the lowest homestead share.

By Municipality Type



Primary Residence (Homestead) Share, by Municipality Type

Here there is a clear increasing trend by municipality size: Cities have nearly 2.7× the homestead share of Tiny Towns. By economy, Tourism (~26%) and Fishing (~28%) post the lowest shares, consistent with high concentrations of seasonal residences and working-waterfront parcels not held by primary residents.

Key findings

1. **Roughly one in three Maine parcels is a homestead-exempted primary residence.** The remainder includes seasonal homes, vacant land, commercial property, public property, and exempt institutional property.
2. **Tourism and Fishing economies have the lowest primary-residence shares**: about half the statewide average. In these communities, owner-occupiers shoulder a relatively small share of the parcel count even as they likely drive the local political and budgetary conversation.

Percentage of Vacant Commercial Property

Motivation

Research question: What is the prevalence of commercial properties which are vacant across Maine? Does a high commercial vacancy rate tend to increase or decrease the property tax burden on other properties?

Vacant commercial property is a structural concern for local tax bases. Vacant parcels generate no current economic activity and are often the subject of value disputes, abatements, or delinquencies. Where commercial vacancy is concentrated, the residual revenue burden falls on remaining occupied businesses and on residential parcels.

Measure

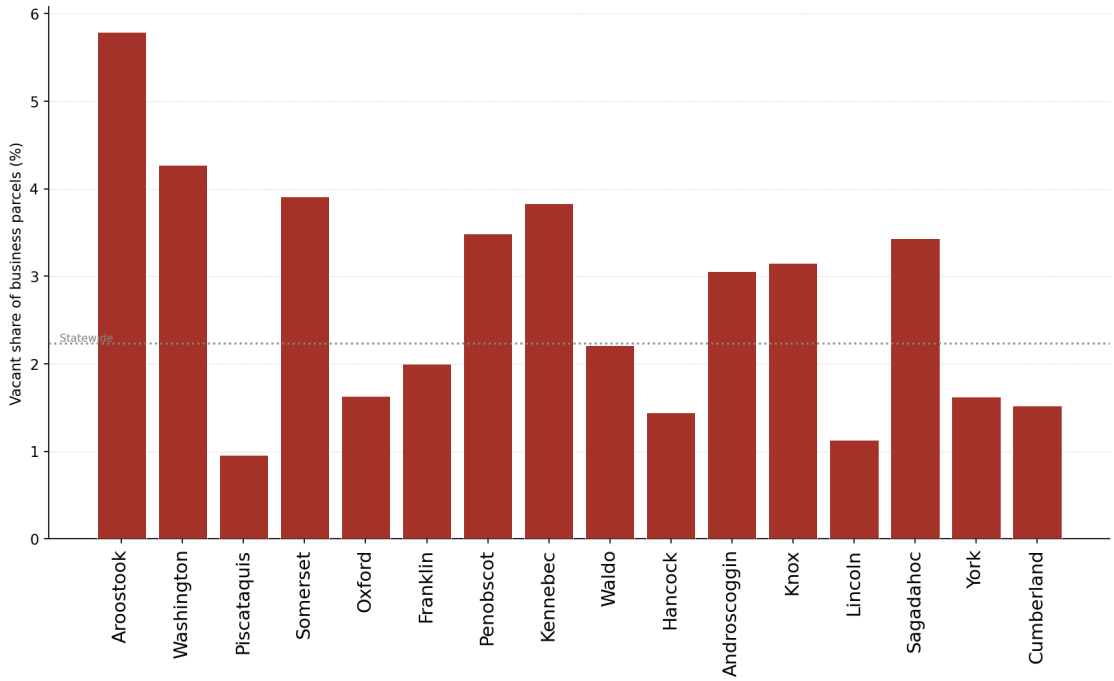
We report the share of Business-category parcels in each area flagged as vacant by ATTOM's Vacancy product. ATTOM's vacancy signal is built on the U.S. Postal Service Vacant Address Service (the same source USPS uses to identify addresses where carriers have not delivered mail for 90 days or longer) combined with ATTOM's address-to-parcel matching and a 90-day persistence filter. The 90-day window screens out short-term vacancies (recent move-outs, mid-listing periods, brief absences) and keeps the structural vacancies that bear on the tax base. ATTOM's parcel-level matching is materially more complete than the USPS-only join used in earlier drafts, so the measure now covers the full parcel inventory rather than the subset for which the USPS-to-parcel match happened to succeed.

The figure is suppressed for jurisdictions whose trusted business-parcel count falls below a thin-denominator floor (50 parcels at the county level, 30 at the muni level), since the percentage is unstable below those sample sizes. Under that rule, all 16 counties are reported, and 114 of 472 municipalities (24%) report a business-vacancy figure. The same calculation produces a residential-vacancy figure for 449 of 472 municipalities (95%): coverage is far better for residential because most municipalities have substantially more residential parcels than business parcels.

Statewide Snapshot

The statewide vacancy share among Business parcels is 2.45%, modestly elevated relative to residential vacancy (0.67%). Across all property types, the structural vacancy rate is below 1% statewide, with Business the highest by a wide margin.

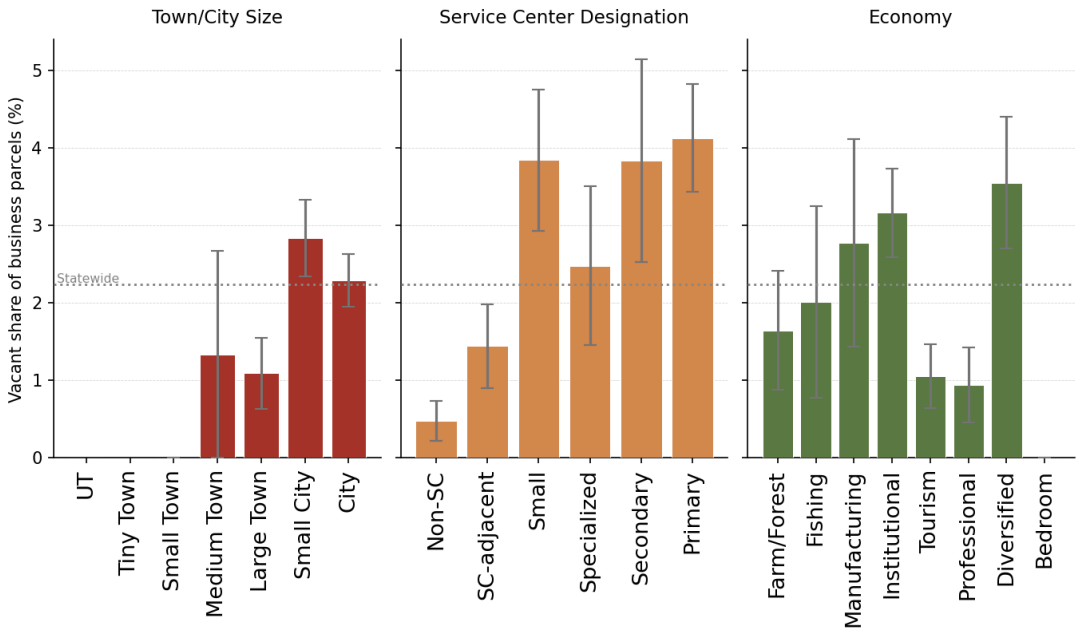
By County



Vacant Share of Business Parcels, by County

Aroostook (5.79%), Washington (4.27%), Somerset (3.91%), Kennebec (3.83%), and Penobscot (3.49%) lead in commercial vacancy. Certain coastal counties — Cumberland (1.52%), York (1.62%), Lincoln (1.13%), and Hancock (1.44%) — sit at the low end, consistent with stronger commercial demand in those markets. Piscataquis is the lowest reported county at 0.96%, despite its overall economic challenges; its small absolute commercial inventory (104 trusted business parcels) means the percentage has more sampling noise than the larger counties. The roughly 6× spread between the highest and lowest reported counties is the clearest geographic gradient in this measure.

By Municipality Type



Vacant Share of Business Parcels, by Municipality Type

Manufacturing-economy and post-industrial communities dominate the high-vacancy tail at the municipal level. The 10 highest-vacancy reported municipalities (Millinocket 19%, Eastport 13%, Paris 13%, Caribou 10%, Dexter 9%, Houlton 8%, Lincoln 8%, Rockland 8%, Richmond 7%, and Bath 7%) are heavily concentrated in former mill towns, rural service centers, and northern county seats where the commercial base has contracted faster than the residential base.

Key Findings

1. **Aroostook and Somerset Counties post commercial vacancy rates 2–4× most coastal counties**, consistent with longstanding economic stress in northern and eastern Maine. These are the parts of the state where the structural concern about vacant commercial property compressing the local tax base is most acute.
2. **The municipal-level distribution is heavily skewed.** A handful of post-industrial communities show double-digit business vacancy rates, while most reported municipalities sit below 4%.
3. **The measure rests on the U.S. Postal Service vacancy signal** (via ATTOM's parcel-matched product), which captures structural vacancies persistent for 90+ days. It does not capture properties that are occupied but distressed (delinquencies,

abatements, value disputes); those are tracked through other channels and would warrant a separate measure if the Task Force chooses to surface them.

Residential Vacancy and Seasonal Homes

Motivation

Research question: How prevalent are vacant and seasonally-occupied homes across Maine, and how does that prevalence affect the property tax burden on year-round residents?

The preceding section measured vacancy among *commercial* parcels. The Task Force asked us to look at the residential side as well, motivated specifically by the prevalence of seasonal and second homes ("holiday homes") in much of the state. These two phenomena are distinct and require different measures. A *structurally vacant* home is one that is empty and not in use — a signal of distress or abandonment that erodes the tax base. A *seasonal home* is fully occupied and maintained for part of the year; far from eroding the base, it typically *adds* high-value, fully-taxable property that is ineligible for the homestead exemption. Maine has comparatively little of the former and, by a wide margin, more of the latter than any other state. Both bear on who pays for local government, so we report each separately.

Measure

We use two complementary sources, because no single source captures both concepts well:

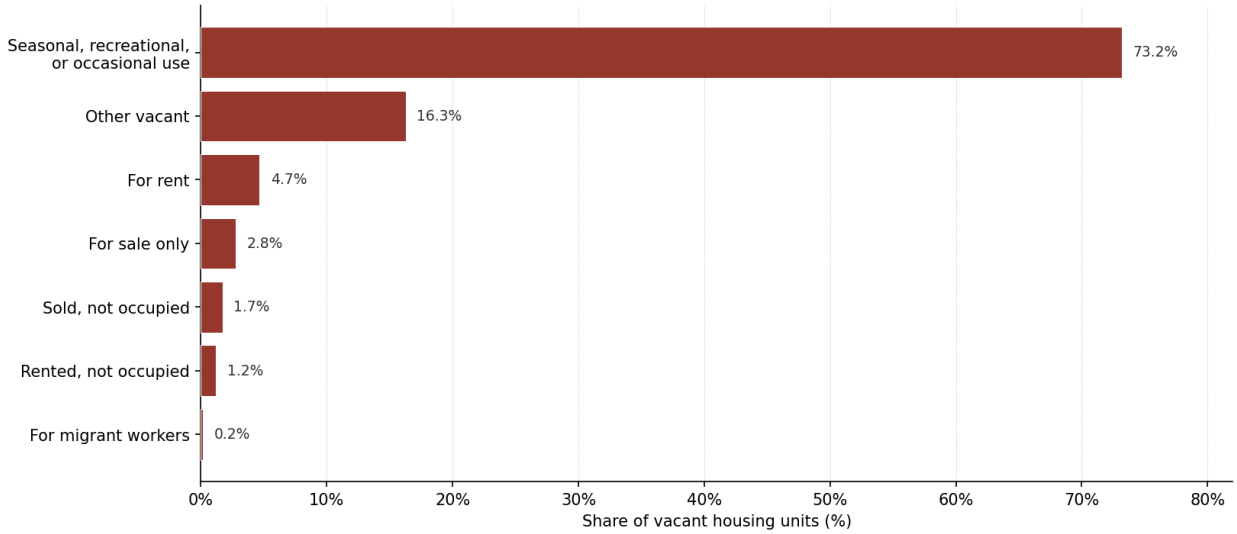
1. **Structural residential vacancy** — the share of residential parcels flagged as vacant by ATTOM's vacancy product, which is built on the U.S. Postal Service Vacant Address Service (addresses with no mail delivery for 90+ days) joined to parcels. The 90-day persistence filter screens out short-term turnover and isolates structurally empty homes. This is the same method used in the commercial-vacancy section, applied to residential parcels.
2. **Seasonal, recreational, or occasional-use homes** — the U.S. Census Bureau's American Community Survey (ACS) 5-year estimates, table B25004 ("Vacancy Status"), which classifies a home held for seasonal, recreational, or occasional use as a distinct category of vacant unit. This is the standard national measure of "second home" and "holiday home" prevalence. We report it both as a share of all vacant units and as a share of all housing units, and benchmark Maine against the rest of the country.

The USPS/ATTOM signal alone is not a good measure of holiday homes: seasonal owners commonly forward or hold mail, and snowbird occupancy patterns are inconsistent, so seasonal homes are captured erratically by a mail-delivery test. The ACS seasonal-use category is purpose-built for this and is the source the Task Force should rely on for the holiday-home question.

Statewide snapshot

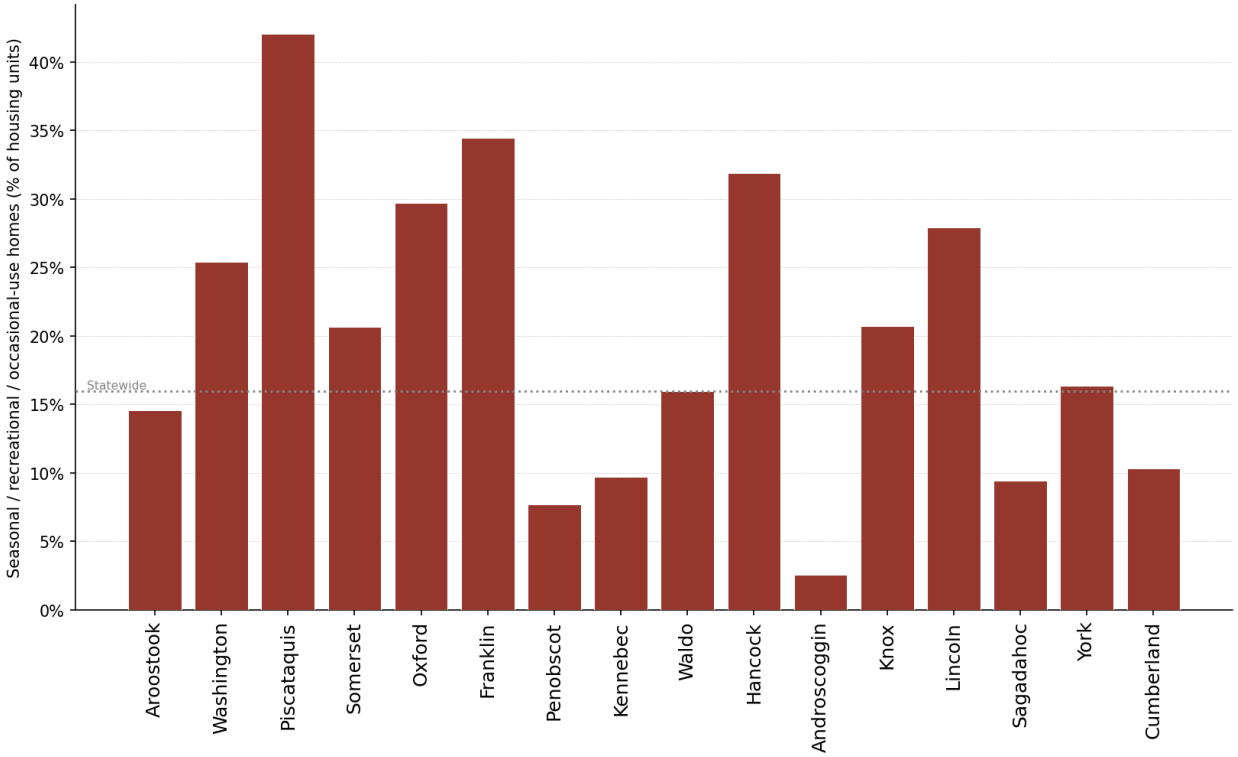
Structural vacancy: Residential structural vacancy is low: 0.67% of residential parcels statewide, with the measure reported for 449 of 472 municipalities (95% coverage). Empty, out-of-use homes are not a statewide problem in Maine, though they concentrate in the same post-industrial and northern communities that lead on commercial vacancy.

Seasonal homes: Seasonal occupancy is the dominant residential-vacancy story in Maine. Maine has the highest share of seasonal, recreational, or occasional-use homes of any state in the nation — roughly 16% of the entire housing stock, ahead of Vermont and New Hampshire and more than triple the national average of under 5%. Put differently, about 73% of all of Maine's vacant housing units are seasonal, recreational, or occasional-use homes rather than truly empty — by far the largest single category of vacancy in the state, and several times larger than the "other vacant" category that captures genuinely idle stock (2018–2022 ACS 5-year estimates). The share is far higher still in the coastal, lake, and mountain communities that drive Maine's tourism economy.



Composition of Maine's vacant housing units by status, statewide. Seasonal, recreational, or occasional-use homes account for roughly three-quarters of all units classified as vacant; the "other vacant" category — the closest proxy for genuinely idle stock — is a distant second. Source: 2018–2022 ACS 5-year estimates, table B25004.

By County



Seasonal, recreational, or occasional-use homes as a share of all housing units, by county (dotted line = statewide ~16%). Counties are ordered by median household income (lowest to highest). The seasonal-home share peaks in the lakes-and-mountains and coastal counties — Piscataquis (~42%), Franklin (~34%), Hancock (~32%), Oxford (~30%), and Lincoln (~28%) — and is lowest in the populous, year-round-resident counties of Androscoggin, Penobscot, and Cumberland. Source: 2018–2022 ACS 5-year estimates, tables B25001 and B25004.

The geography of seasonal homes mirrors — in inverse — the primary-residence (homestead) pattern reported earlier. The counties with the lowest homestead share, Piscataquis (~22%) and Hancock (~27%), are precisely those with the highest concentrations of seasonal residences, second homes, and large recreational tracts; the same coastal and lakes-and-mountains geography that posts the highest waterfront share. The most populous and economically diverse counties (Androscoggin, Cumberland, Kennebec, Penobscot, York) sit at the opposite end, with seasonal homes a small share of a predominantly year-round stock.

Effect on Homeowner Tax Burden

Seasonal homes interact with the property tax in a way that is largely favorable to year-round residents, and this reinforces — rather than contradicts — findings elsewhere in the report:

- Seasonal and second homes are fully taxable at market value and, because their owners are not permanent residents, are ineligible for the homestead exemption (36 M.R.S. § 681) and rarely claim the Property Tax Fairness Credit. They therefore contribute to the levy without drawing it down through residential relief programs.
- Because seasonal owners consume municipal services only part of the year, the per-dollar service cost a high-seasonal town must recover through its rate is lower.

Key Findings

1. **Structural residential vacancy is low and localized** (0.67% statewide). Genuinely empty homes are not a statewide concern; where they appear, they track the same post-industrial and northern communities as commercial vacancy.
2. **Seasonal homes are the defining feature of Maine's residential vacancy picture** — Maine leads the nation. About 73% of vacant units are seasonal/recreational/occasional-use, concentrated in coastal, lake, and mountain communities (lowest-homestead counties: Piscataquis, Hancock; lowest-homestead economies: Tourism, Fishing).
3. **Seasonal property generally lightens the burden on year-round owners**. It is fully taxable, ineligible for homestead relief, and tied to part-year service demand — the same dynamic that gives Tourism municipalities the state's lowest effective tax rates.

Effect of Nontaxable Property

Motivation

Maine's property tax operates on a *taxable* base, but some properties lie outside of this base and do not pay property taxes. State office buildings, federal facilities, hospitals and universities, churches, public schools, and municipal land are all among the categories of property that 36 M.R.S. § 651–656 and related statutes exempt from local property tax. Where these properties concentrate, the residents and businesses that *do* pay tax shoulder a structurally heavier burden than residents of municipalities with the same per-capita service costs but a fully taxable base.

The Task Force directed the research team to characterize this effect: how much nontaxable property exists in Maine, where it is concentrated, what types of property dominate the exempt base, and which categories of municipality bear the heaviest implied tax shift. This section answers those questions using the Municipal Valuation Return (MVR) for assessment year 2024.

Measure

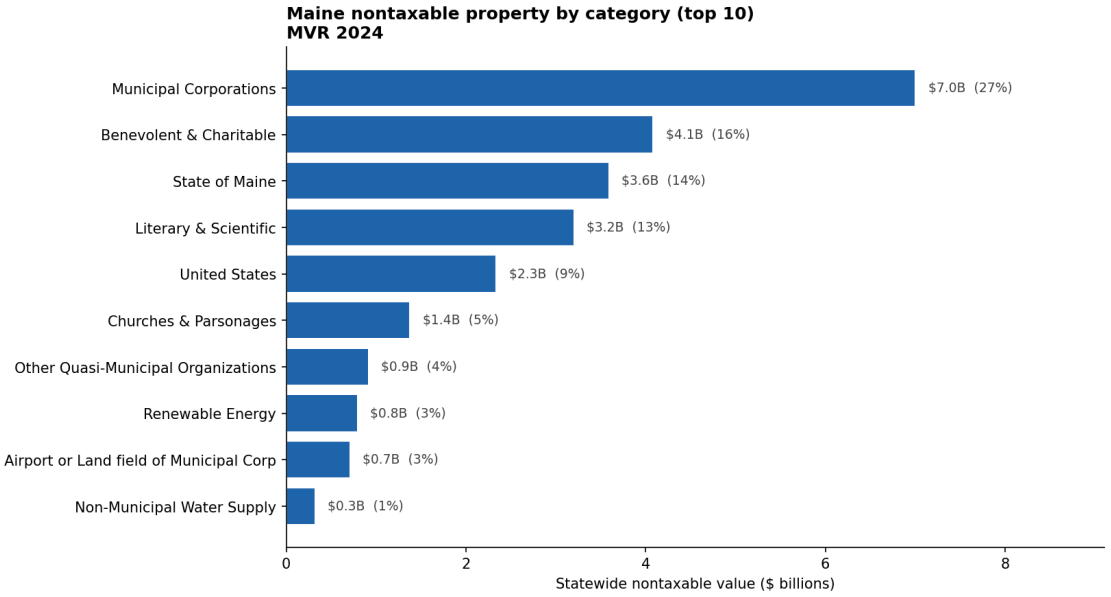
We define the *NTV effect* (nontaxable-value effect) as the percent by which the local mill rate could be reduced if all nontaxable property in a municipality were instead taxed at full value. Mechanically, that is the ratio of nontaxable to taxable property value:

> NTV effect = total nontaxable value ÷ total taxable value

A municipality with $100M of taxable value and $20M of nontaxable value has an NTV effect of 20%; if every dollar of nontaxable property were brought into the tax base at the same effective rate, mill rates would fall by roughly 20% (holding levy constant). The MVR reports nontaxable value across 23 statutory categories on Line 40 of the return: Municipal Corporations (40a(1)), State of Maine (40b), United States (40c), Benevolent and Charitable (40e), Literary and Scientific (40f), Churches and Parsonages (40g), and so on. Statewide and county totals are computed by summing across municipalities. Two important categories of relief sit *outside* this measure: the Business Equipment Tax Exempt (BETE) program and the homestead exemption, both of which produce reimbursements to municipalities and therefore shift rather than eliminate revenue. They are addressed separately.

Statewide Snapshot

In MVR 2024, Maine carries $25.5 billion of nontaxable property against a taxable base of $255.6 billion. Nontaxable property therefore represents 9.1% of all assessed value in the state, and the implied statewide mill-rate uplift, the amount by which mill rates would fall if the nontaxable base were fully taxable at parity, is 10.0%.



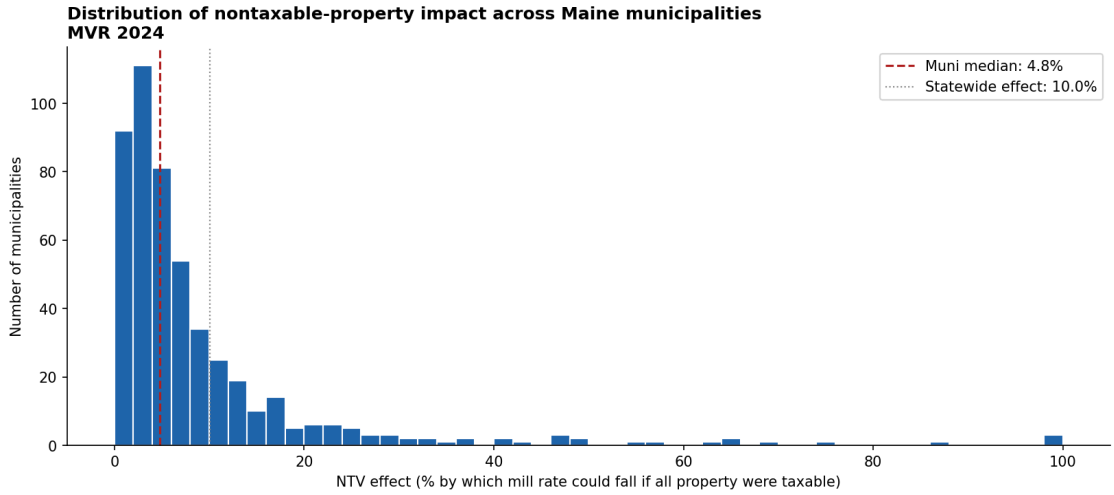
Maine nontaxable property by category

The distribution of nontaxable value across categories is informative. The single largest category is Municipal Corporations at $7.0 billion (27% of the total nontaxable base) largely composed of town- and city-owned property such as town halls, public works yards, fire stations, recreational facilities, and municipal water and sewer infrastructure. The next four categories together account for two-thirds of the remainder: Benevolent and Charitable organizations at $4.1 billion (16%, principally hospitals and large nonprofits), the State of Maine at $3.6 billion (14%, including state offices, the public university system, parks, and prisons), Literary and Scientific institutions at $3.2 billion (13%, principally private colleges and academies), and the United States at $2.3 billion (9%, including Acadia National Park, Coast Guard and Customs facilities, federal courthouses, and former military installations). Churches and Parsonages add a further $1.4 billion (5%). The remaining 17 statutory categories together account for only about 16% of nontaxable value.

The composition matters because the categories vary in the policy levers available to address them. Municipal Corporations and Quasi-Municipal property reflect public infrastructure that the

municipality itself owns and uses to deliver services to its own residents: its tax-exempt status is a bookkeeping convention rather than a transfer to outside parties. The State of Maine, United States, Literary and Scientific, and Benevolent and Charitable categories, by contrast, represent property that is owned by external entities but located in a particular host municipality, often serving a regional or statewide population. It is principally these external-host categories that sit at the heart of the Task Force's question about whether some municipalities are bearing more of the cost of statewide infrastructure than the benefits their own residents are receiving.

Distribution Across Municipalities

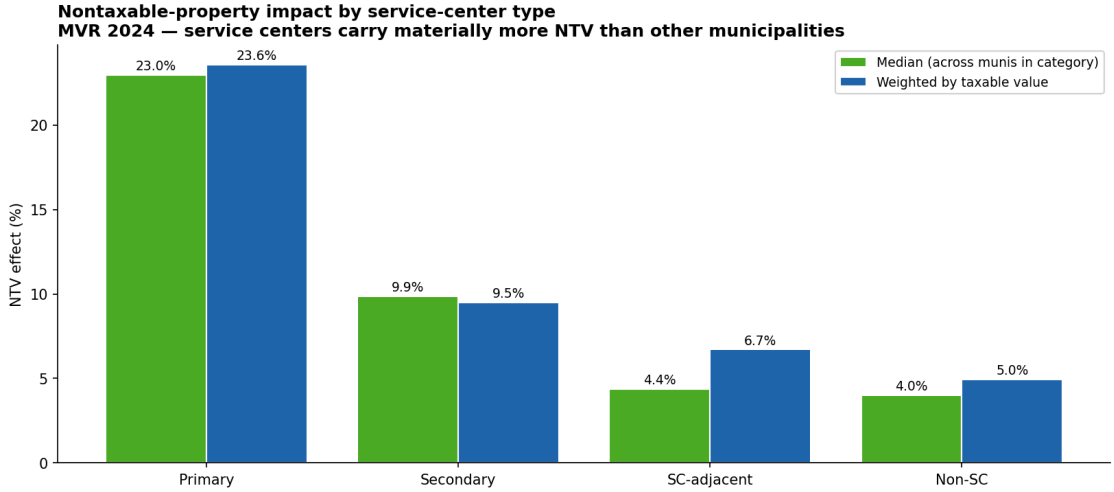


Distribution of nontaxable-property impact across Maine municipalities

The 9.1% statewide figure is a value-weighted average: it treats Maine's largest jurisdictions as the dominant contributors to the overall picture. Looking instead at the distribution across municipalities one at a time, the median Maine municipality has an NTV effect of only 4.8%, well below the statewide weighted figure. Half of municipalities fall between roughly 2% and 10%, but the distribution has a substantial right tail: 35 municipalities have an NTV effect of 25% or more, and 24 exceed 30%. A handful of small towns and unorganized territories with very narrow taxable bases and large external-owner property show extreme values: Limestone at 425% (former Loring Air Force Base, now state-held), Freedom at 249% (Unity College), Cutler at 111% (former U.S. Naval Communications Station), and several smaller plantations.

This pattern where the typical municipality has low value, offset by a long right tail, is what this section's structural concern is really about. Maine's average burden from nontaxable property is moderate; what the data show clearly is that the burden is *concentrated*, and falls hardest on a relatively small set of identifiable communities.

The service-center pattern



Nontaxable-property impact by service-center type

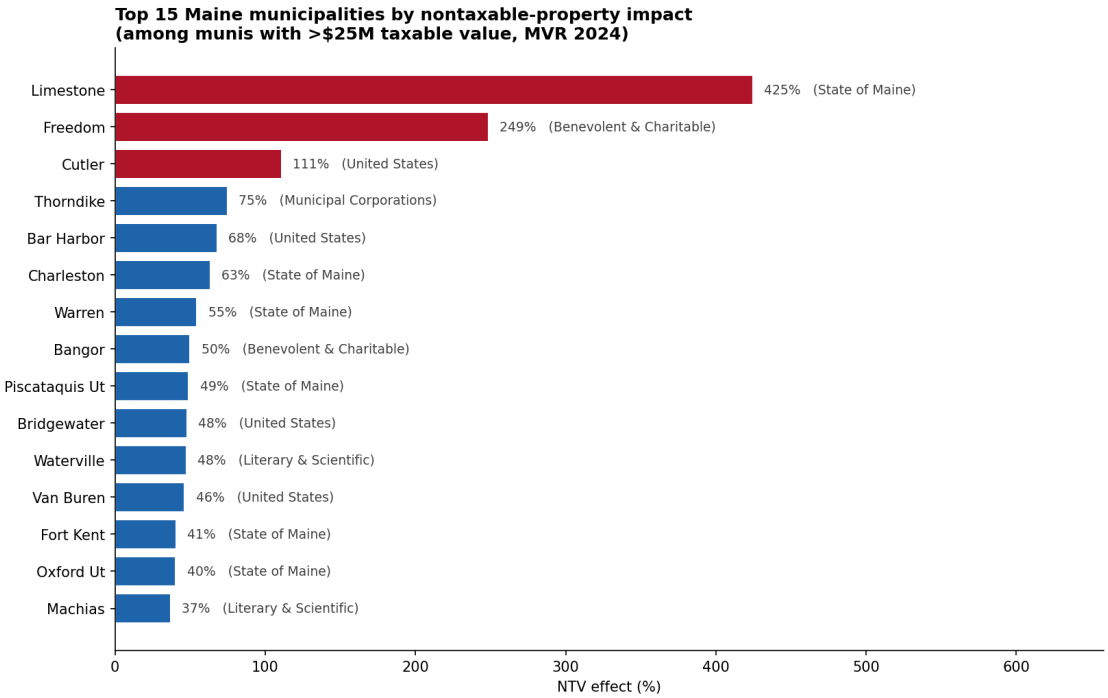
The clearest structural pattern in the data is the gradient by service-center status. Maine's classification system identifies 24 *Primary* service centers: the cities and large towns that host concentrated regional services such as hospitals, universities, county courts, and state offices. These 24 municipalities, representing roughly 5% of the state's 494 jurisdictions, hold:

- 42.8% of the state's nontaxable value ($10.9 billion of the $25.5 billion total)
- 18.1% of the state's taxable value ($46.3 billion of $255.6 billion)

Their median NTV effect is 23.0% and the value-weighted average is 23.6%, roughly five times the figure for non-service-center municipalities (median 4.0%, weighted 5.0%) and well above the secondary, small, and specialized service-center categories. Conversely, *SC-adjacent* municipalities sit at a median of just 4.4%, indistinguishable from non-service-center munis.

This is the central finding of the section: residents of Maine's primary service centers are shouldering, through higher mill rates, the property-tax cost of regional infrastructure that is consumed jointly with residents of surrounding municipalities who do not contribute to that cost. The structural inequity sizeable and is consistent across every measure of central tendency.

Top hot-spot municipalities



Top Maine municipalities by nontaxable-property impact

Restricting to municipalities with at least $25 million of taxable value (to remove tiny towns where one parcel can drive the percentage), the highest NTV effects in Maine concentrate in three groups:

- **Federal-property hosts.** Bar Harbor (68%, Acadia National Park), Cutler (111%, former Naval Communications Station), Bridgewater (48%, U.S. land), Calais (33%, federal border crossing), Winter Harbor (32%, former naval station). Federal property is fully exempt from local taxation, with no per-acre payment in lieu, and these communities have largely no recourse.
- **State-property hosts.** Limestone (425%, former Loring AFB now state-held), Augusta (35%, the state capital), Fort Kent (41%, university and state offices), Charleston (63%, state correctional facility), Warren (55%, Maine State Prison). The State pays municipalities a partial offset for some categories of state property (the “tree-growth reimbursement” framework is the closest analog), but the offsets do not generally bring these municipalities to parity.
- **Major nonprofit and educational hosts.** Bangor (50%, regional hospitals and Eastern Maine Medical Center campus), Waterville (48%, Colby College), Houlton (34%, regional

hospital), Machias (37%, University of Maine at Machias), Freedom (249%, Unity College). The Benevolent and Charitable and Literary and Scientific categories include some of the largest individual exempt parcels in the state, and the host communities are typically smaller cities where one or two institutions can dominate the local nontaxable base.

The municipalities in this list are recognizable: they are the regional anchor towns and cities of rural Maine. The fact that their nontaxable burden is multiples of the statewide average, while their populations are often economically more constrained than the southern coastal counties, explains a large share of the inequity in effective tax rates that other measures in this report document.

Key Findings

1. **Maine's nontaxable property base is roughly 9% of total assessed value, with a 10% statewide mill-rate uplift effect.** This is consequential but not extreme; the median municipality faces only about a 5% effect.
2. **Primary service centers carry roughly 5× the NTV burden of non-service-center municipalities.** With 24 primary service centers (5% of jurisdictions) holding 43% of statewide nontaxable value but only 18% of statewide taxable value, the structural over-burden of regional anchor cities is large, consistent, and not a statistical artifact.
3. **The relief picture is uneven.** Federal property hosts have essentially no path to compensation. State property hosts receive partial reimbursements for some categories. Hospital- and college-host communities have negotiated payments-in-lieu-of-taxes (PILOT) agreements with varying success.
4. **The top-of-distribution municipalities are identifiable and concentrated.** Approximately 35 of Maine's 482 municipalities have NTV effects of 25% or higher, and 10 of the 24 primary service centers fall in that group.

Federal Funding

Motivation

Research Questions:

- *What quantity of Federal funds are flowing directly to Maine municipalities?*
- *What quantity of Federal funds are flowing to Maine municipalities via intermediary organizations (such as State agencies)?*
- *What quantity of Federal funds are flowing into Maine which, if they were cut, would likely be replaced from municipal budgets (such as funds flowing to School Districts)?*
- *How do these quantities differ by type of municipality (e.g. by size)?*
- *From which Federal agencies and programs do those funds originate?*
- *If those programs were cut, and the funds offset with higher property taxes, how would the burdens be distributed across Maine's property tax payers?*

Maine's municipalities depend on a mix of local property taxes, state aid, and federal funding to finance public services. While federal funds flowing directly to municipal governments are relatively straightforward to identify, the full exposure of local budgets to federal spending cuts is harder to measure: some federal dollars reach municipalities indirectly, passing first through state agencies or regional bodies before being allocated locally, while others flow to agencies, such as school districts, whose costs would likely fall on municipal budgets if federal support were reduced. Understanding the scale and sources of these flows matters because any significant reduction in federal funding would ultimately force a choice between cutting services or raising revenue locally, with the property tax being the primary lever available to Maine municipalities. This section uses the USASpending.gov data described above to estimate these exposures, identify the federal agencies and programs involved, and assess how the resulting fiscal burdens would be distributed across Maine's property taxpayers if those programs were cut.

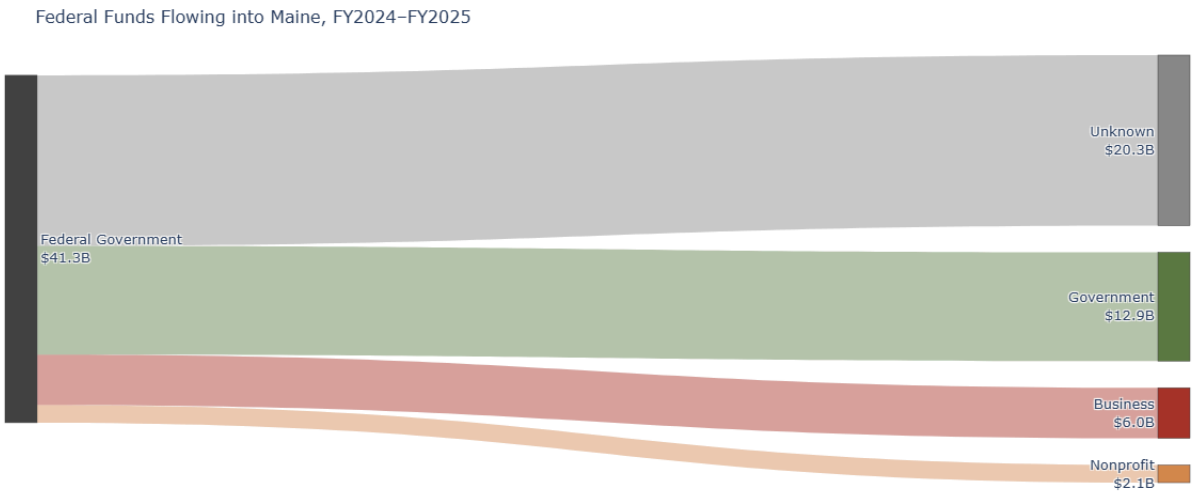
Measures

This analysis draws on federal spending data from USASpending.gov, the official public database of U.S. government expenditures maintained by the Department of the Treasury. The dataset covers all federal spending actions directed to Maine recipients across fiscal years 2024 and 2025, spanning six award categories: contracts, indefinite delivery vehicles (IDVs), grants, loans, direct payments, and other financial assistance. In total, the dataset comprises 70,742 transactions comprising $41.5 billion in federal funding flows into Maine ($20.3 billion in FY2024 and $21.2 billion in FY2025). Interested readers can explore this data here.

Recipients were first classified using the high-level recipient type categories provided by USASpending.gov, which differentiate between Government, Business, Nonprofit, and Unknown recipients. Within the Government category, recipients were then manually coded into more detailed tiers by our research team. At the second tier, government recipients are classified by level of government: State, Regional, County, Municipality, School District and Public Universities. At the third tier, major institutions are identified individually, such as the Maine Department of Health and Human Services, the specific School District or Municipality.

We now proceed to analyze this data through a similar tiered process: first presenting an overview of all federal flows into Maine by recipient category; then narrowing in on government recipients to examine flows by entity type; before turning to the questions of greatest fiscal relevance for municipalities: direct federal funding to municipal governments, flows to school districts and educational institutions whose costs could fall on local budgets if cut, and indirect flows passing through state and regional intermediaries that may ultimately support local services.

Statewide Snapshot



Federal funds which flowed into Maine during FY2024-2025

Of the $41.5 billion in federal spending flowing to Maine across FY2024–2025, $13 billion (31%) reaches government entities and forms the primary focus of this analysis. The remaining two-thirds flows to recipients that are out of scope for the central research questions.

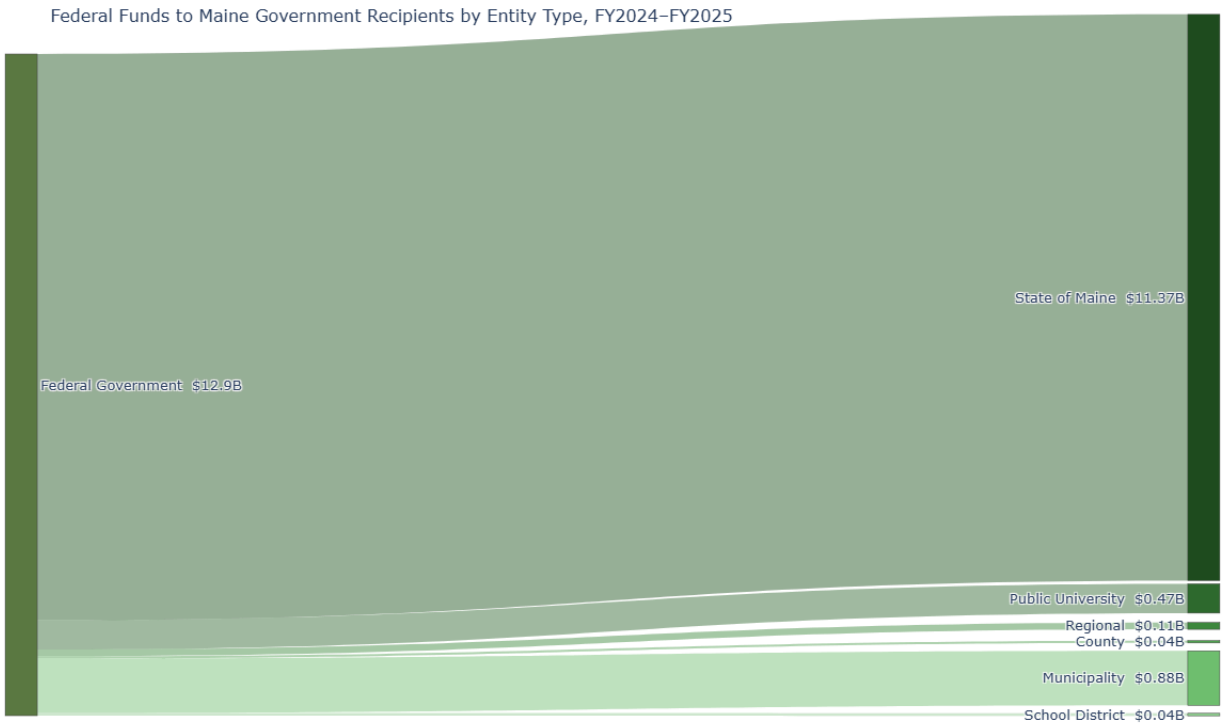
Funds flowing to businesses ($6.0 billion) and nonprofits ($2.1 billion) reach private organizations, and while cuts to these programs would have significant economic consequences

for Maine, there is no reasonable expectation that municipal governments would absorb the lost funding through higher property taxes.

Unknown recipients make up the largest high-level category at $20.3 billion, 49% of all federal spending in the dataset. However, this is not a data gap: analysis of Catalog of Federal Domestic Assistance (CFDA) programs for this category reveals that it consists almost entirely of federal entitlement payments disbursed directly to individuals: Social Security retirement, disability, and survivors' insurance ($16.6 billion); veterans' compensation and benefits ($1.9 billion); and Medicare Parts A, B, and D ($1.6 billion). Like flows to private organizations, these individual-level transfers are considered unlikely to be replaced by municipalities via higher property taxes if federal support were to be reduced or discontinued.

The remainder of this analysis therefore focuses on the remaining $12.9 billion which flowed to public agencies in Maine during FY2024-2025.

Government Flows



Federal funds flowing into government agencies within Maine in FY2024-2025

Of the $12.9 billion in federal funds which flowed to Maine government recipients over the past two years, the vast majority (88%) went directly to the State of Maine and its agencies. The

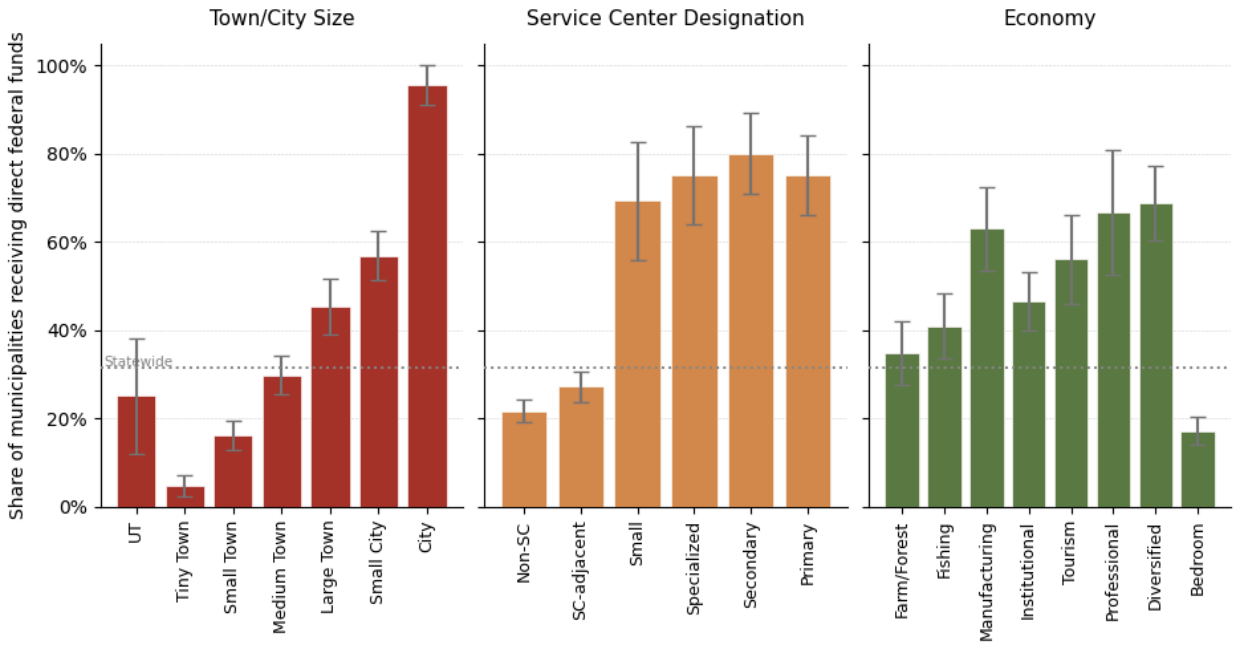
remainder was distributed across a range of other government entities: municipalities received $0.88 billion directly, public universities just under half a billion, and smaller amounts flowed to regional bodies, school districts, and counties.

This structure has important implications for understanding municipal fiscal exposure to federal cuts. Direct flows to municipalities represent the clearest and most immediate form of federal dependency: if these programs were reduced, the funding shortfall would fall directly on municipal budgets. However, they account for only a fraction of the total. The much larger flows to the State of Maine raise a separate but equally important question: how much of that funding ultimately supports municipal services, either through state aid programs that pass federal dollars down to local governments or through state agencies whose activities substitute for costs that municipalities would otherwise bear. We address these two channels in turn, beginning with the direct flows to municipalities before turning to the indirect exposure embedded in educational, state and regional flows.

Direct Flows to Municipalities

Direct federal funds flow to around one third of Maine municipalities: 155 of 482 (32%) received at least some federal funds in FY2024–2025. Larger municipalities are significantly more likely to receive federal funds, with receipt rates rising from under 5% of tiny towns to 95% of cities. Similarly, around three-quarters of service centers receive federal funds, compared to just under one-quarter of non-service-center communities.

These patterns reflect a straightforward selection effect: larger, more commercially active municipalities tend to have more established administrative capacity to apply for federal grants and manage federal contracts, and are more likely to operate the kinds of infrastructure (water systems, public housing, transit) that attract dedicated federal funding streams. Adjusting for population, we find that 64% of Mainers live in a municipality that received some form of direct federal funds in the past two years.



Share of municipalities which received any federal funds during FY2024-2025, by type

Next, examine which federal agencies and programs were responsible for the funds that flowed to those 155 municipalities during FY2024-2025.

The $888 million in direct federal flows to Maine municipalities across FY2024–2025 originated from a relatively small number of federal agencies and programs, but not all of these flows carry the same policy relevance. FAA airport construction grants arising through the Infrastructure Investment and Jobs Act (IIJA), EPA brownfields remediation, and Congressionally Directed Spending are typically large, one-off capital investments that do not represent ongoing commitments that municipalities would be expected to sustain from property tax revenue if federal support were withdrawn.

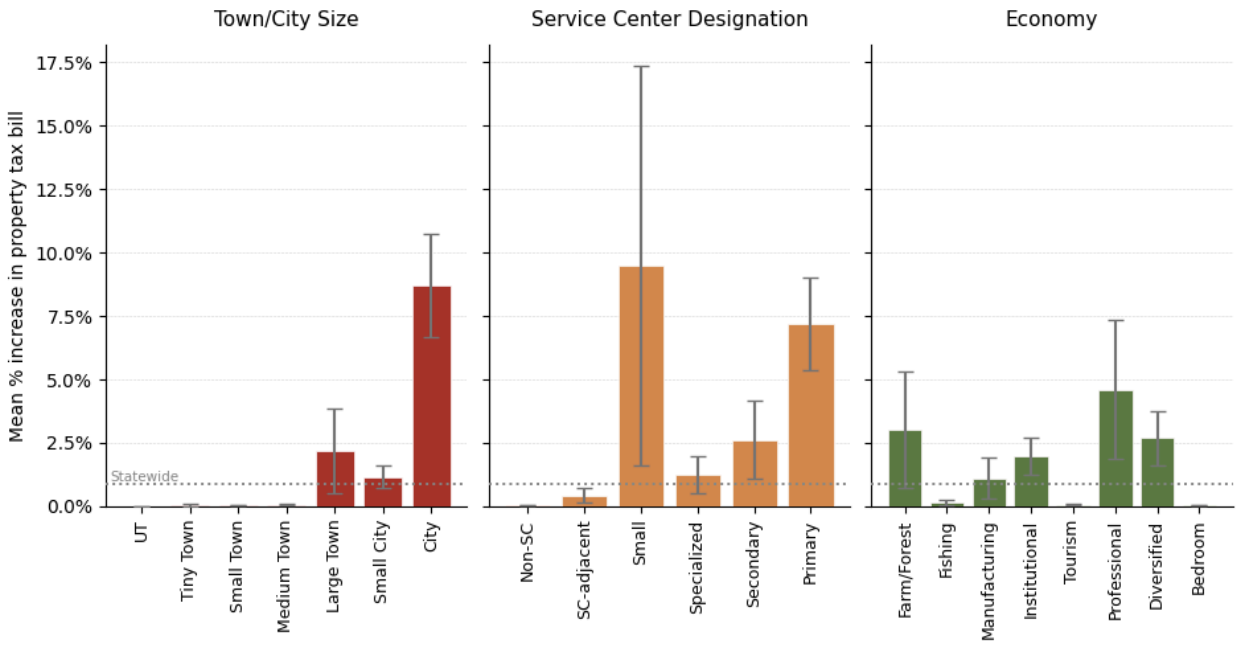
To distinguish recurring from one-off flows, we classify a CFDA program as recurring for a given municipality if it generates new grant awards in both FY2024 and FY2025, consistent with an annual formula-based allocation; programs that issue new awards in only one year, or that belong to known and manually-flagged infrastructure categories, are treated as one-time.

Under this classification, 62% of direct municipal federal flows to municipalities during the past two years ($552 million) are one-time or capital[1], and 38% ($336 million) are recurring.

---

[1] For example, Presque Isle received $41 million in FAA grants to redevelop its passenger terminal and parking apron and East Millinocket similarly received $9 million from a HUD Community Project Funding

The recurring component is highly concentrated. Of the 153 municipalities matched to property valuation data, only 38 have any positive recurring federal grant exposure. To quantify what that exposure means in practice, we model a scenario where each municipality's recurring federal funds were to be eliminated entirely, with the lost budget replaced through an increase in property taxes. As the figure below shows, these recurring federal funds are flowing almost entirely to large towns and cities.



Average increase in property taxes required to backfill lost revenue if all recurring Federal payments to municipalities were cut

Should recurring direct federal payments to municipalities be eliminated and replaced by property taxes, Maine cities would face an average increase of +9% and small & primary service centers would face similar increases. Smaller municipalities and non-service-center communities cluster near zero.

The pattern is not coincidental: the recurring federal flows driving these figures are almost exclusively HUD formula programs which are disbursed annually to municipalities that operate a

earmark and an EPA Brownfields cleanup grant. Each of these are one-off investments that inflate apparent federal exposure without representing ongoing operational dependency.

Public Housing Authority[2]. Administrative capacity to run a PHA is concentrated in larger, more urbanized communities[3]. Should such programs be cut, the municipal governments that administer them would face a stark choice: allow housing programs to collapse, directly harming the low-income tenants who depend on them, or absorb the shortfall by raising property taxes by more than +5%.

Indirect Flows

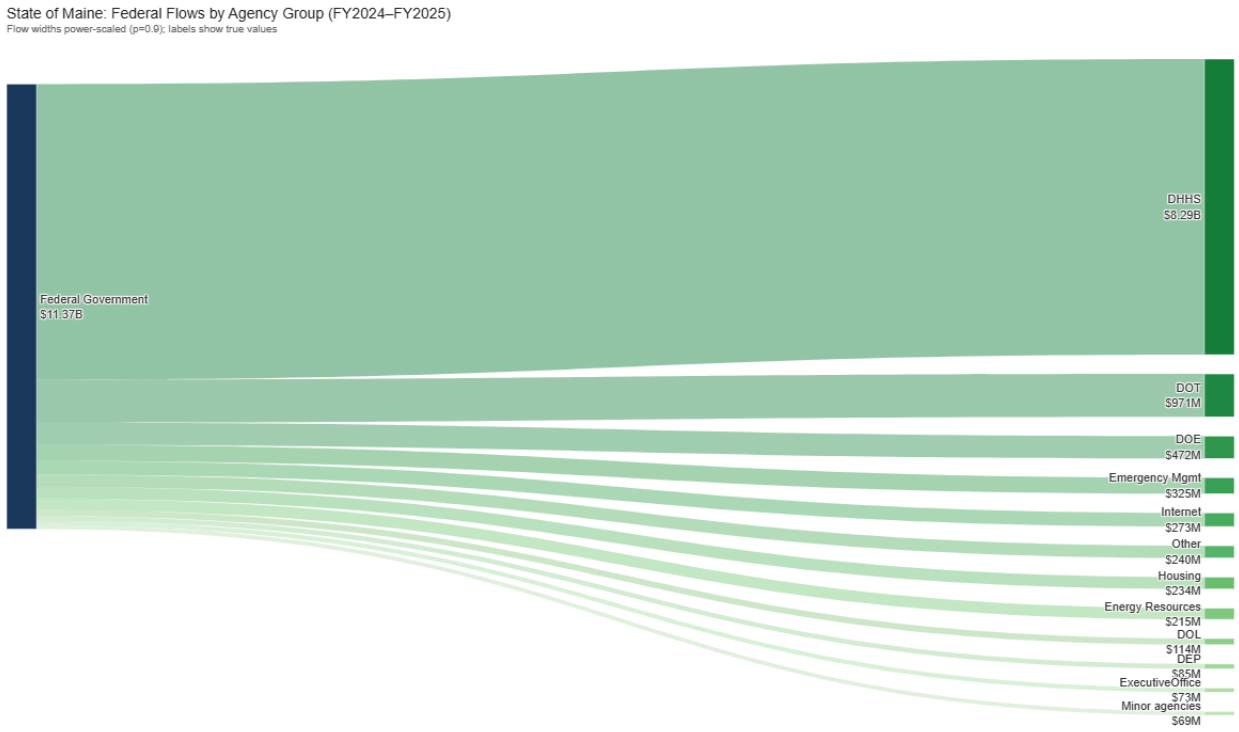
Federal funds do not always reach municipalities as direct awards. The majority of Maine's federal allocation flows first to state agencies, which administer programs, set eligibility rules, and in many cases pass funds through to local governments, school districts, or service providers.

This creates an indirect fiscal exposure that is less visible than direct municipal grants, but no less consequential: when federal programs are cut, state agencies must either absorb the shortfall within existing budgets, or municipalities must backfill the gap through property taxes. Understanding which state agencies intermediate the largest federal flows, and through which programs, is therefore central to assessing the full scope of municipal fiscal risk.

Across FY2024-2025, Maine state agencies received a combined $11.4 billion in federal obligations: more than twelve times the $0.88 billion flowing directly to municipalities.

[2] Programs such as Section 8 Housing Choice Vouchers, the Public Housing Operating Fund, and the Public Housing Capital Fund.

[3] Maine cities which would be most affected include Lewiston, Waterville, Auburn, Westbrook, Bangor and Portland.



Federal funds flowing into agencies of the State of Maine in FY2024-2025

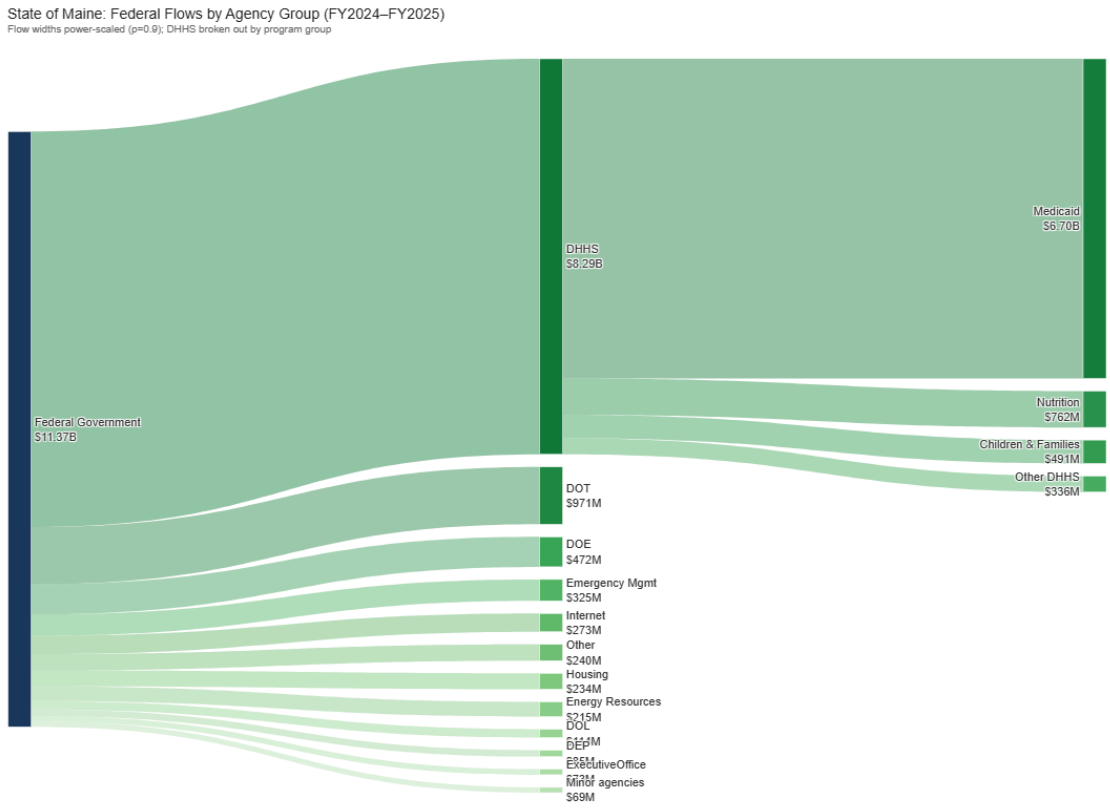
As the above figure illustrates, this total is highly concentrated. The Maine Department of Health and Human Services (DHHS) alone accounts for $8.29 billion, or 73 percent of all state-directed federal funds. Other major recipients are Maine Department of Transportation (DOT, $971M); the Maine Department of Education (DOE, $472M); and the Maine Emergency Management Agency (Emergency Mgmt, $325M). Together, these four agencies account for nearly 90 percent of federal flows to State agencies. Remaining recipients each represent less than three percent of the total individually[4].

We now examine each of these agencies in turn, considering the extent to which their major federal programs flow through to municipalities and the resulting potential for cuts to translate into increased property taxes for Maine households.

Maine Department of Health and Human Services

[4] Including the Maine Connectivity Authority (Internet, $273M), Maine State Housing Authority (Housing, $234M), and the Office of Energy Resources (Energy Resources, $215M).

The program breakdown within DHHS is also highly concentrated. Medicaid (Title XIX) accounts for $6.7 billion, 81% of all DHHS receipts. Nutrition programs (primarily SNAP) make up a further $0.8 billion (9%); children and family services (TANF, CHIP, child care, and foster care) add another $0.5 billion (6%) and smaller programs make up the balance.



Federal funds flowing into Maine DHHS by program

Neither Medicaid nor SNAP flow through municipalities: these programs make payments directly to healthcare providers, managed care organizations, or directly to households.

Maine property taxpayers do face some exposure insofar as school districts bill Medicaid directly for Individualized Education Program (IEP) services. Cuts to Medicaid could therefore indirectly lead to offsetting increases in local property taxes as school districts seek to maintain these IEP services. However, USAspending data tracks Medicaid payments to Maine DHHS in aggregate and does not itemize the subset attributable to IEP reimbursements, so we are unable to quantify this indirect channel. Similar challenges afflict other components of indirect funding flows via DHHS.

Maine Department of Transportation

Unlike DHHS, where the link between federal flows and municipal budgets runs through indirect channels, a substantial share of MaineDOT's federal receipts flows to municipalities by statutory design. Highway Planning and Construction, which comprises 80% of federal funds flowing to MaineDOT, includes the Surface Transportation Block Grant (STBG) and related Federal Highway Administration formula programs. These carry explicit suballocation requirements: a fixed portion must be distributed to urbanized areas based on population, flowing to municipalities such as Portland, Bangor, and Lewiston-Auburn for local road, bridge, and transportation improvement projects. Beyond the urban suballocation, Maine municipalities also receive project-based MaineDOT allocations for local road and bridge work throughout the state.

Maine DOT received $971 million in federal obligations across FY2024–FY2025, making it the second largest state intermediary after DHHS. Again, the precise share which ultimately flows to each municipality is not identifiable in the USAspending data, preventing direct quantification of the budget impacts of potential Federal cuts. The remaining programs are more state-directed in character: competitive INFRA and RAISE infrastructure grants ($107M combined), passenger ferry programs serving island and coastal communities ($28M), and rural transit formula grants ($26M).

Maine Department of Education

The third-largest state agency recipient of federal funds is the Department of Education, which received $472 million between FY2024 and FY2025, of which $131 million (28%) were IDEA Part B special education grants, $123 million (26%) were Title I grants to local educational agencies (LEAs) and schools, and $115 million (25%) was under the National School Lunch Program.

While the vast majority of these funds are passed through to schools, and may indeed be likely targets for federal funding cuts, education funding has been largely considered out-of-scope by the Task Force, and is instead being studied as part of the Essential Programs and Services (EPS) funding formula review by the Maine Education Policy Research Institute (MEPRI) and subsequent reforms under LD 2226. We therefore do not analyze these further.

Key Findings

- **Direct federal funding to Maine municipalities is modest in scale but highly concentrated**. Of the $888 million which flowed directly to municipal governments in FY2024-2025, most is one-time capital rather than recurring. Just 38 of Maine's 482

municipalities have recurring direct federal grant exposure, almost entirely through HUD Public Housing Authority programs that concentrate in larger, urbanized communities.

- **The risk profile varies sharply by municipality type, and cuts to recurring direct flows would land hardest on cities.** If recurring federal payments to municipalities were cut and backfilled through property taxes, cities and primary service centers would face average levy increases of around 9%, while smaller municipalities and non-service-center communities would see minimal impact.
- **The dominant exposure runs through state agencies, not direct municipal awards.** Maine state agencies received twelve times what flowed directly to municipalities, meaning the most consequential cuts for property tax bills will propagate through the state budget rather than appearing as direct municipal losses.
- **MaineDOT is the clearest state-to-municipal pass-through channel** and although the impact of cuts could not be quantified, these are also likely to concentrate in larger and more urbanized areas.

Property Tax Relief Programs

States provide property tax relief programs to ease the tax burden for particular types of taxpayers, such as low-income, elderly, or disabled households. In this section we explore three of Maine's statewide property tax relief programs: the Property Tax Fairness Credit, the Homestead Exemption, and the State Property Tax Deferral Program. We then proceed to model the distributional impacts of changes to the first two of these programs, so as to understand how policy changes could provide relief to different types of households.

Property Tax Fairness Credit

Motivation

Research Question: What are the levels of eligibility and uptake for Maine's Property Tax Fairness Credit?

The Property Tax Fairness Credit (PTFC) is Maine's primary mechanism for directly relieving property tax burden on low- and moderate-income households. Administered through the Maine income tax return, it provides a refundable credit to owner-occupants and renters whose property taxes or rent exceed a statutory share of their income. Understanding both how many households are eligible and how many actually claim the credit is essential to evaluating whether the program is reaching those it is designed to serve. Low take-up rates may indicate barriers to access that leave eligible households without relief they are entitled to. Geographic variation in take-up rates can further reveal where outreach and administrative improvements would have the greatest impact.

Measures

Actual counts of the number of taxpayers receiving PTFC and the total credit amounts by municipality were provided by MRS, and are based on administrative data from Form 1040ME filings.

Precise data on the number of taxpayers eligible for PTFC would require individual income tax returns linked to property tax records, data which does not currently exist. We instead estimate the eligible population (and thereby the participation rate) using data from the ACS Public Use Microdata Sample. Our preferred method is called the PUMA-level Burden-Qualifying Rate (PUMA BQR) method, and uses ACS 2023 five-year estimates of household counts by income band and age, combined with eligibility rates estimated at the level of Maine's ten Public Use Microdata Areas. Within each PUMA, eligibility rates apply the correct filing-status-specific income thresholds and the statutory burden tests (property taxes exceeding 4% of income for

owners; rent exceeding 26.67% of income for renters). This method, along with two alternative approaches, is described in more detail in the Appendix.

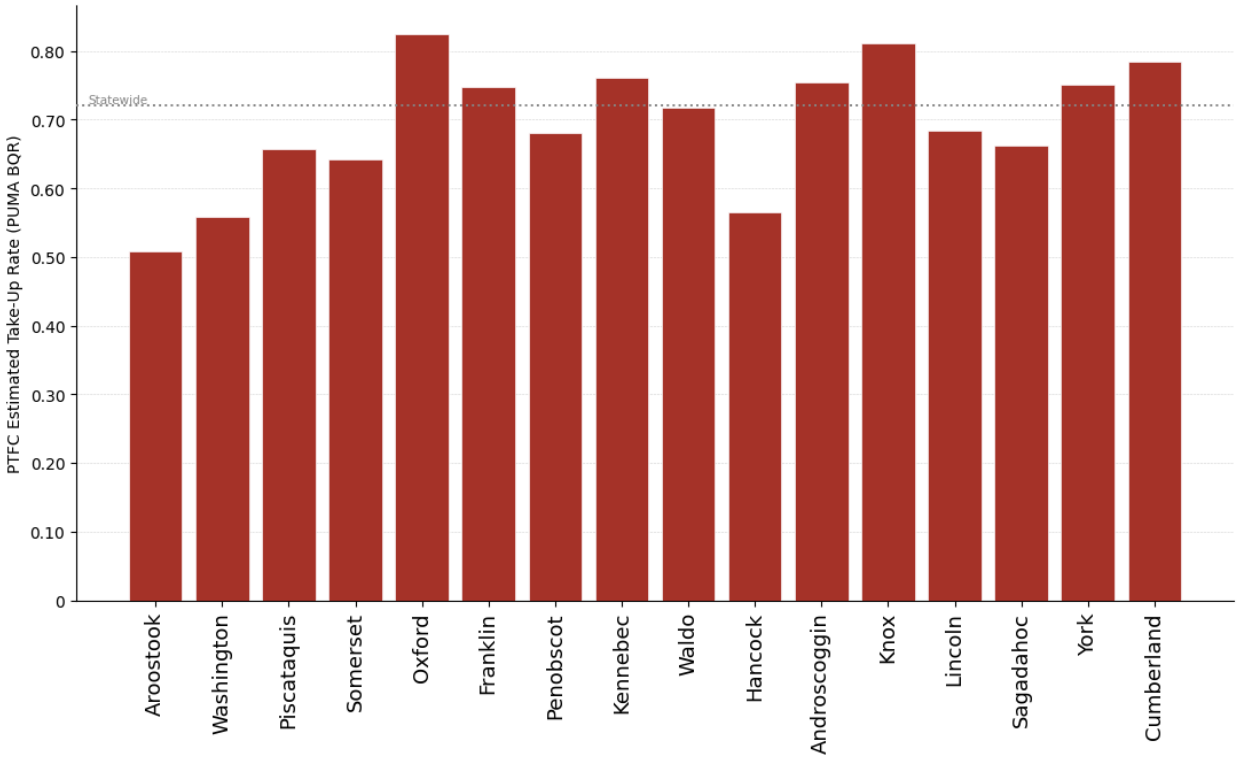
Statewide Snapshot

Statewide, MRS records show approximately 134,000 households claimed the PTFC in the most recent available year, receiving an average credit of $845. This produces a statewide eligible population estimate of approximately 186,000, implying a participation rate of approximately 72%.

All three methods for estimating PTFC eligibility produce participation rates within a similar range, providing reassurance that the estimate is robust to methodological choice[5]. Importantly, all known biases in the PUMA BQR method push toward overestimating the eligible population: the ACS income measure excludes capital gains (causing some ineligible higher-income households to appear eligible), the PUMS cannot screen for principal-residence status, and households that do not file a Maine income tax return are retained in the eligible pool. The true statewide participation rate is therefore likely modestly above 72%, and the participation rates discussed in the rest of this section are likely slightly below their true number.

[5] Statewide BQR = 71%; PUMA BQR = 72%; hybrid parcel-based method = 67%.

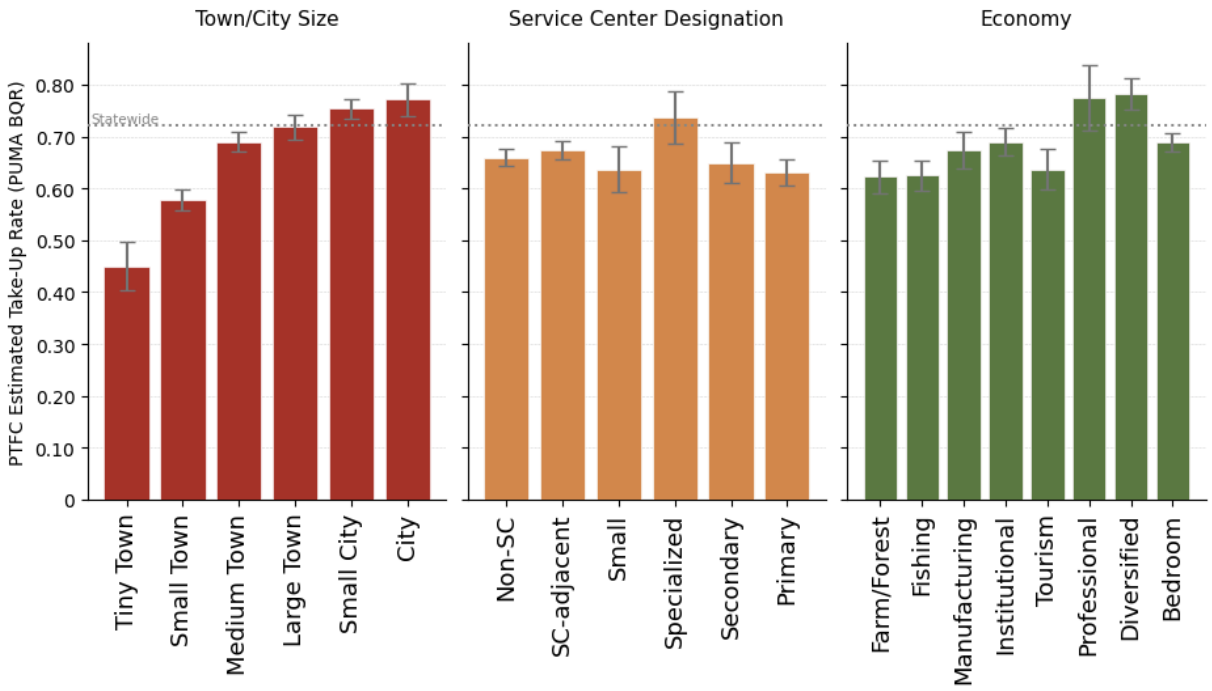
By County



Participation rates for the Property Tax Fairness Credit, by County

County-level participation rates vary substantially, from roughly 50% in Aroostook to over 80% in Oxford and Knox. The lowest-take-up counties (Aroostook, Washington, and Hancock) are notable because they are among the counties with the greatest apparent need: low property values and incomes in Aroostook and Washington, and high second-home concentration in Hancock potentially complicating eligibility screening. The highest take-up counties (Oxford, Knox, Kennebec, Androscoggin, York, and Cumberland) span a range of economic types, suggesting that factors beyond simple income or value levels drive participation. It is worth noting that county-level estimates carry less sampling uncertainty than municipal estimates, but the eligible population figures still rely on ACS-based approximations and should be interpreted with appropriate caution.

By Type of Municipality



Participation rates for the Property Tax Fairness Credit, by Municipality type

On size, take-up rates rise consistently with municipality size, from roughly 45% in tiny towns to nearly 78% in cities. This is a striking reversal of the tenure pattern and likely reflects several compounding factors: their residents may be more likely to file Maine income tax returns; larger municipalities have more established social service infrastructure and outreach capacity; and they have lower shares of very small-population ACS cells where sampling error can produce unreliable eligible-population estimates. The last point implies that the low take-up in tiny towns is suggestive of a genuine access gap, but should be interpreted cautiously as ACS sampling error is most severe in small-population municipalities.

On service center designation, specialized service centers post the highest take-up rate (~75%), while small service centers post the lowest (~63%). The remaining categories cluster near the statewide average of approximately 68%, with relatively little differentiation suggesting that service center status is not a strong independent predictor of PTFC participation once size and economic character are accounted for.

On economy type, professional and diversified economy municipalities post the highest take-up rates (both approaching 78–79%), while farm/forest, fishing, and tourism municipalities cluster at the low end (~62–63%). This pattern is consistent with the size gradient (professional and diversified economies tend to be larger, better-connected communities) but it also raises a

specific concern about farm/forest and fishing communities, where eligible households are most likely to be isolated, older, and least likely to file a state income tax return.

Key Findings

1. **Statewide, roughly one in four eligible households is not claiming the PTFC**.
2. **Tiny towns show take-up rates roughly half those of cities**, though this gap should be interpreted cautiously as ACS sampling error and higher non-filing rates in small rural communities may overstate the eligible population there.
3. **Farm/forest and fishing economy municipalities consistently underperform** on take-up, concentrating the participation gap in the communities where long tenure and low incomes make the credit most valuable.

Homestead Exemption

Motivation

Research Question: What are the levels of eligibility and uptake for Maine's homestead exemption program?

Maine's Homestead Exemption (36 M.R.S. §681) reduces the assessed value of an owner-occupied primary residence by $25,000 for the purpose of computing the property tax bill, and is effectively universal among owner-occupants who apply. Because eligibility is close to the full owner-occupied housing stock, the program is nearly costless to administer from the applicant's perspective: a one-time filing with the local assessor, after which the exemption continues automatically. Yet not all eligible households claim it, and understanding where the exemption is and is not reaching owner-occupants can reveal gaps in local assessor outreach, awareness among recent movers, and the degree to which the program serves its intended beneficiaries.

Measures

Actual counts of homestead exemption recipients by municipality are drawn from the 2024 Municipal Valuation Return (MVR), in which assessors self-report the number of properties receiving the exemption. These are the definitive administrative supply-side counts.

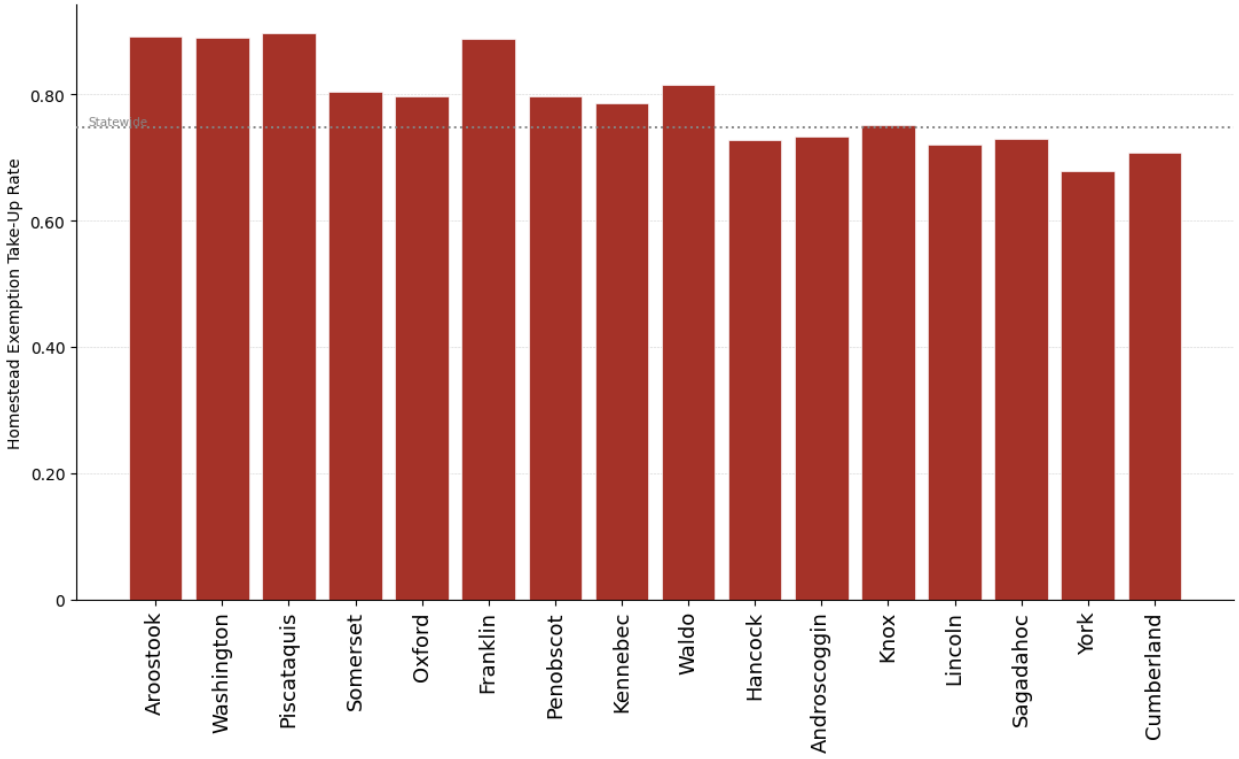
Because the homestead exemption is available to all owner-occupied primary residences, the eligible population is closely approximated by the owner-occupied housing stock. We use the ACS 2023 five-year estimate of owner-occupied units (Table B25003) as the denominator for the take-up rate. This measure is a survey-based count that will include some households that technically do not qualify (primarily seasonal residents who report a vacation property as their primary residence in the ACS), meaning all estimated take-up rates are modestly downward biased. The true statewide participation rate is therefore likely modestly above the 75% headline figure.

Statewide Snapshot

Statewide, MVR records show approximately 326,000 properties receiving the Homestead Exemption, against an ACS-estimated owner-occupied stock of approximately 431,000 units, implying a take-up rate of approximately 75%. Because the ACS denominator includes some seasonal or secondary properties that would not qualify for the exemption on primary-residence grounds, the true participation rate is likely somewhat higher. The Homestead Exemption is among Maine's most broadly utilized property tax relief mechanisms: it requires no annual filing,

is administered locally rather than through the state income tax system, and has been in place for decades, factors that collectively produce a higher baseline take-up rate.

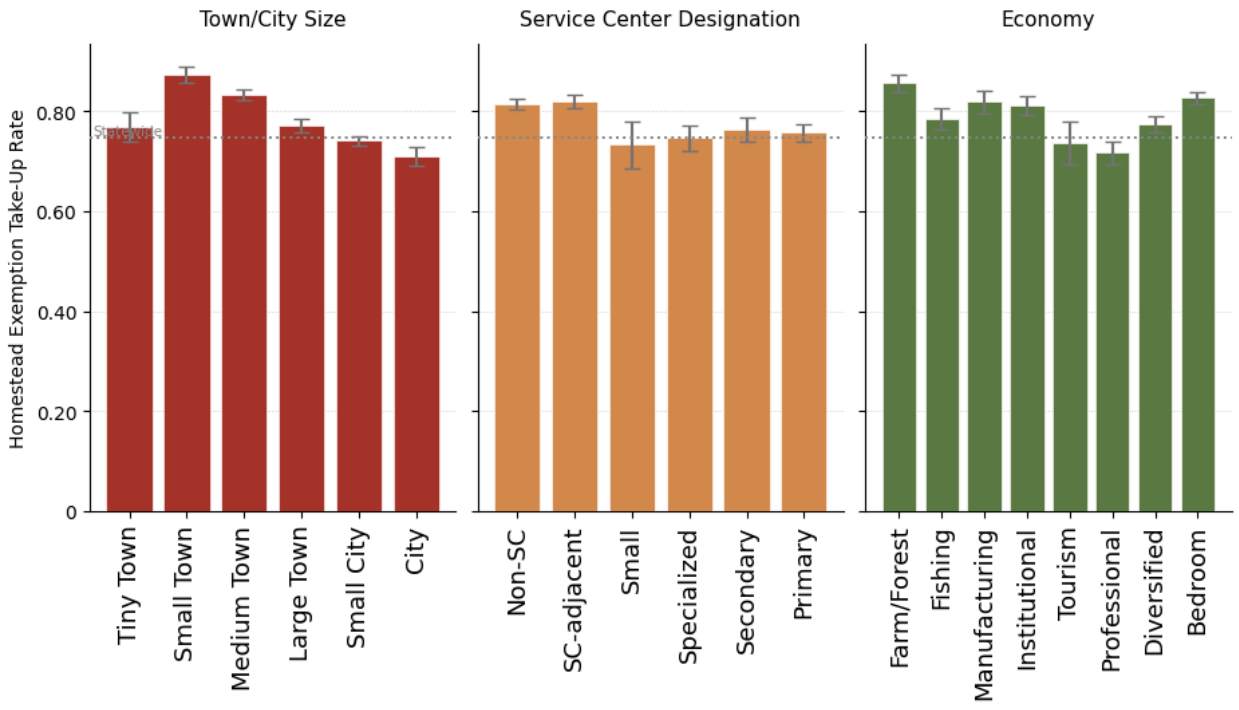
County



Participation rates for the Homestead Exemption, by County

County-level take-up rates display a pronounced rural-urban gradient, essentially the mirror image of the PTFC pattern. The highest-take-up counties (Piscataquis, Aroostook, Washington, and Franklin) are all rural, inland, and characterized by stable long-term homeownership. The lowest take-up counties are York and Cumberland, Maine's two most populous and urbanized counties, followed by Androscoggin, Hancock, and Lincoln in the low-to-mid seventies. The coastal counties (Hancock, Lincoln, York, and Cumberland) are notable because they carry significant seasonal housing stock: second-home owners may be counted as owner-occupants in ACS survey responses but do not qualify for the homestead exemption on primary-residence grounds, mechanically depressing the computed take-up rate. The true participation gap in these counties is therefore likely smaller than the headline figures suggest, though some genuine awareness and outreach gap among recent movers in fast-growing southern Maine communities may also contribute.

By Type of Municipality



Participation rates for the Homestead Exemption, by Municipality Type

On size, the homestead take-up pattern is the inverse of the PTFC pattern. Small and medium towns post the highest take-up rates (roughly 88% and 84%, respectively), while cities have the lowest (~71%), below even the statewide average. This likely reflects several compounding factors: rural communities have more stable, multigenerational ownership where residents have known about and claimed the exemption for decades; urban areas have higher rates of recent home purchase, and new owners may not yet have filed; and larger municipalities, particularly coastal cities, carry larger shares of seasonal or investment properties that inflate the ACS denominator. Unlike the PTFC, where administrative complexity disadvantages rural residents, the Homestead Exemption's local administration may actually favor stable rural communities with attentive assessor offices.

On service center designation, Non-SC and SC-adjacent municipalities post the highest take-up rates (~82%), while small service centers have the lowest (~74%). Primary and secondary service centers cluster near 76%, slightly above the statewide average. This pattern is consistent with the size gradient: small service centers tend to be more urban in character and more likely to have the seasonal or transient ownership patterns that suppress take-up.

On economy type, farm/forest municipalities have by far the highest homestead take-up (~86%), consistent with their stable, long-tenured homeownership base. Bedroom communities are also high (~83%), likely reflecting concentrated owner-occupancy and active assessor engagement in commuter suburbs. Tourism municipalities are notably low (~74%), consistent with the seasonal housing dynamics described above. Professional-economy municipalities are also below average (~72%), possibly reflecting higher population turnover in college and hospital communities.

Key Findings

- **Statewide, approximately one in four owner-occupied units is not receiving the Homestead Exemption**. The true participation gap is likely smaller, as the ACS denominator includes seasonal properties that do not qualify.
- **York and Cumberland counties have the lowest take-up rates (~68–71%),** driven in part by large seasonal housing stocks that inflate the denominator, and potentially by awareness gaps among recent movers in fast-growing southern Maine communities.
- **Rural inland counties have the highest take-up rates** (~89–91%), consistent with stable long-term homeownership and strong local assessor engagement.
- **The size gradient in homestead take-up runs opposite to the PTFC**: small and medium towns outperform cities, reflecting the local administrative structure of the exemption and the stability of rural homeownership.
- **Farm/forest communities have the highest take-up of any economy type** (~86%), while tourism communities (where seasonal ownership is most prevalent) have the lowest (~74%).

State Property Tax Deferral Program

Motivation

Research Question: What are the levels of eligibility and uptake for Maine's State Property Tax Deferral Program?

The Deferred Collection of Homestead Taxes program, established under Title 36, Chapter 908 of Maine statutes, allows qualifying elderly and disabled homeowners to defer payment of their property taxes until the property is sold or transferred. Unlike the PTFC, which provides immediate cash relief through the income tax system, §908 operates as a lien-based deferral mechanism: the municipality continues to receive full payment (from the state) while the homeowner accumulates a deferred liability against the property. In design, this makes §908 particularly well-suited to asset-rich, income-poor homeowners facing property tax burdens they cannot meet from current income: households that hold appreciated homes but lack the cash flow to remain current on rising tax bills. Understanding how many households are eligible and how many are actually enrolled is therefore important both for evaluating the program's reach and for assessing the broader claim that property taxes are pushing a meaningful share of older Maine homeowners toward financial distress.

Measures

Actual counts of the number of households currently enrolled in the §908 deferral program by municipality were provided by MRS, based on administrative records. In total, MRS records indicate 235 households statewide were enrolled in the program in the most recent available year. No data on deferred amounts outstanding were available for this analysis.

Estimating the eligible population for §908 requires satisfying a set of screening criteria: the householder must be aged 65 or older (or have a qualifying disability), total household income must be below $80,000, liquid assets must be below $100,000, and the property must be an owner-occupied homestead receiving the Homestead Exemption. We estimate the eligible population using a two-part hybrid method. ACS summary table B19037 (Age of Householder by Household Income) provides municipality-level counts of age-65+ households with income below $80,000, using linear interpolation to apportion the $75,000–$99,999 income band. These counts are then scaled by two PUMS-derived rates: the share of age-65+, income-qualified households that are owner-occupied (79.5%), and an additional reduction for the liquid assets screen (11.8%), derived by applying a $3,000 annual interest-and-dividend income threshold as a proxy for liquid assets below $100,000, consistent with an assumed 3% yield. This method is described in more detail in the Appendix.

Statewide Snapshot

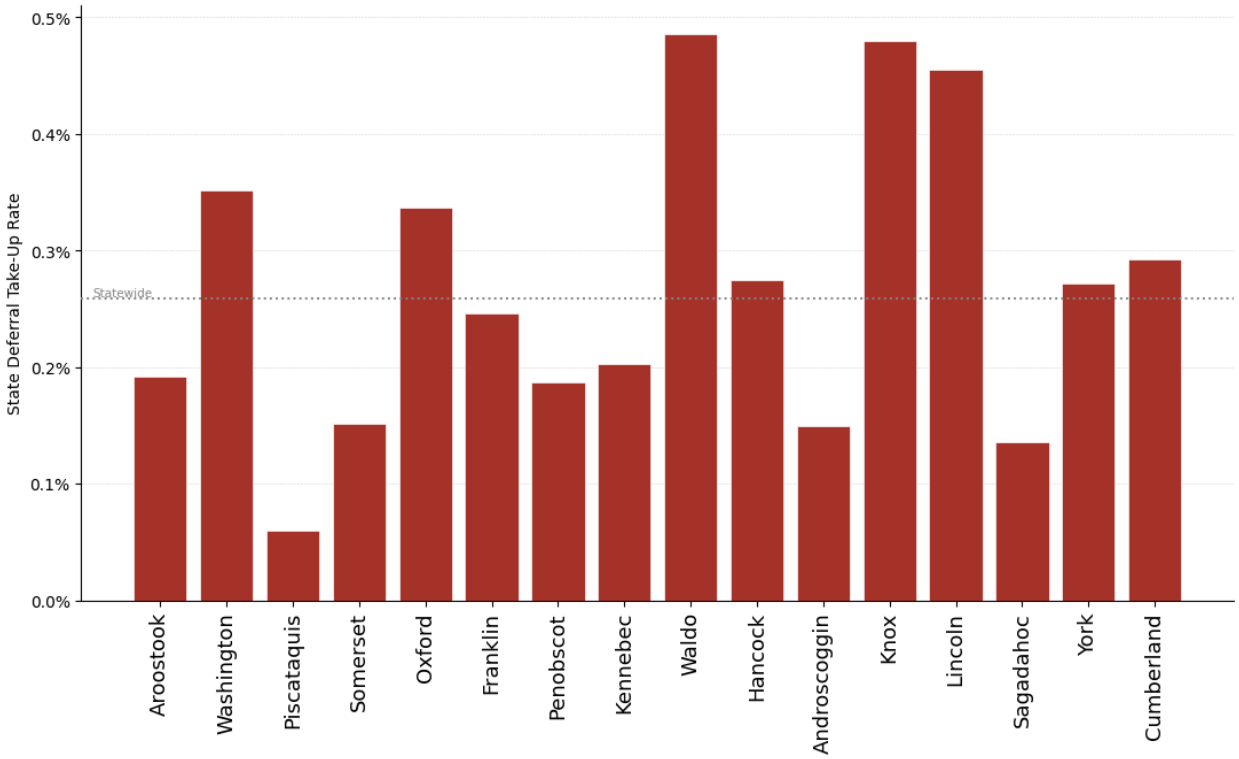
Statewide, MRS records show 235 households enrolled in §908 deferral against an estimated eligible population of approximately 90,900, implying a participation rate of roughly 0.26% or about 1 in 400 eligible households. This is dramatically lower than the 72% participation rate estimated for the PTFC, and lower still relative to the Homestead Exemption, which reaches the overwhelming majority of eligible owners.

The progression across these three programs is instructive. The Homestead Exemption directly reduces assessed value and requires no further action beyond initial registration. The PTFC delivers a cash refund through the income tax return, a process most eligible households already undertake. And §908 merely defers payment, asking nothing of the homeowner in the near term beyond enrolling with their municipality. On the face of it, §908 should face the lowest barriers: it imposes no upfront cost and requires no out-of-pocket payment. Yet it reaches a fraction of a percent of those eligible.

Several explanations are plausible. Program awareness is almost certainly low: §908 has no automatic enrollment pathway analogous to filing a tax return, and municipal-level administration means outreach is highly uneven. The lien structure may also deter enrollment among households that would otherwise qualify: homeowners who wish to preserve their property unencumbered for heirs, or who are simply averse to accumulating a growing debt against their home, may rationally decline even if they face cash-flow pressure. Taken together, these factors may account for much of the gap.

But it is also worth acknowledging what the data are consistent with: that the population of older Maine homeowners who are both legally eligible and sufficiently burdened by property taxes to want deferral may be substantially smaller than eligibility counts alone suggest. If property taxes were pushing a large share of fixed-income elderly owners toward genuine financial distress, demand for a no-upfront-cost deferral mechanism would likely be considerably higher than 0.26%. The low participation rate is not conclusive on this point (awareness and lien aversion may dominate) but it is at least difficult to reconcile with a picture of widespread acute distress among eligible households.

By County

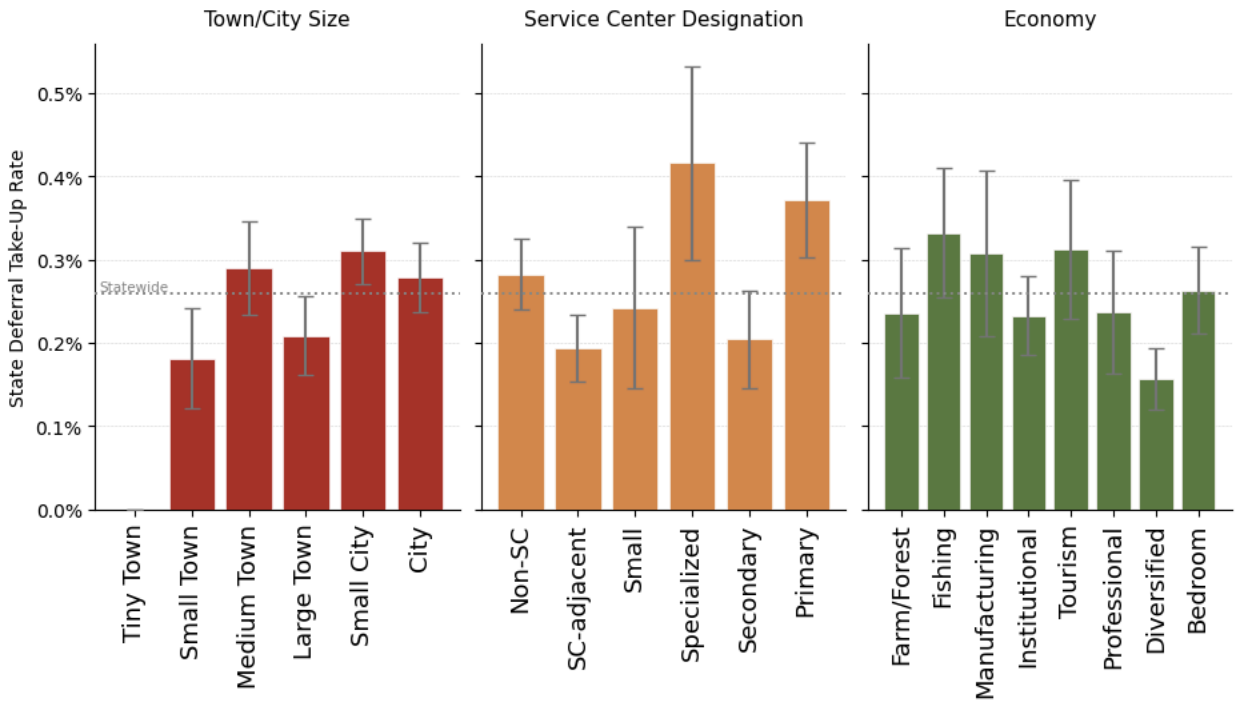


Participation rates for the State Property Tax Deferral, by County

County-level participation rates show substantial variation on the chart, but these figures should be interpreted with considerable caution. With only 235 participants distributed across 16 counties, most counties have somewhere between one and thirty enrolled households. A single additional enrollment is enough to move a county's rate by several percentage points in relative terms, meaning that apparent geographic patterns may reflect little more than noise. The county chart is best read as illustrating the overall scale of non-participation rather than as a reliable map of structural differences in access or need.

With that caveat, it is worth noting that the mid-coast counties of Waldo, Knox, and Lincoln show rates somewhat above the statewide average, which may be consistent with the concentration in those areas of long-tenure homeowners in a region of significant property appreciation. Piscataquis stands at the low end, though with so few underlying observations this likely reflects chance as much as anything systematic. The contrast with PTFC is again notable: Washington County, among the weakest PTFC performers, appears relatively stronger here.

By Type of Municipality



Participation rates for the State Property Tax Deferral, by Municipality Type

The typology breakdowns show modest variation, but again the small absolute numbers make it difficult to draw confident conclusions. The confidence intervals on most group estimates are wide, and overlap substantially across categories, meaning that apparent differences between groups could easily arise from sampling variation rather than true structural differences.

Taken at face value, specialized and primary service centers show rates somewhat above the statewide average, which might reflect modestly greater awareness or municipal capacity in these communities. On economic character, fishing municipalities appear somewhat elevated while diversified-economy communities are near the low end (a rough inverse of the PTFC pattern) but with group sizes in the single or low double digits of participants, these patterns are illustrative at best. The headline finding from the typology analysis is not that any particular type of community is a strong performer, but that take-up is uniformly and strikingly low across virtually all community types.

Key Findings

1. **Geographic and typological variation in take-up rates is present in the data but should be treated as suggestive rather than diagnostic.** With only 235 participants

statewide, county- and group-level rates are highly sensitive to small changes in enrollment, and most apparent differences are within the margin of noise.

2. **Participation in the Property Tax Deferral Program is dramatically lower than that of the Property Tax Fairness Credit and Homestead Exemption.** While some of the gap may reflect lack of awareness, aversion to encumbering home equity, or other frictions specific to deferral, the disparity in uptake is consistent with property tax concerns being driven, for many households, more by willingness to pay than by ability to pay.

Simulating Changes to Relief Programs

To compare the distributional effects of alternative approaches to property tax relief in Maine, we modeled three policies in PolicyEngine. One of these policies, the non-senior cap reform, reflects an option already under consideration by the Task Force. We then modeled two additional policies and calibrated them to a similar overall cost so that the comparison focuses on policy design and the distribution of benefits rather than on differences in scale.

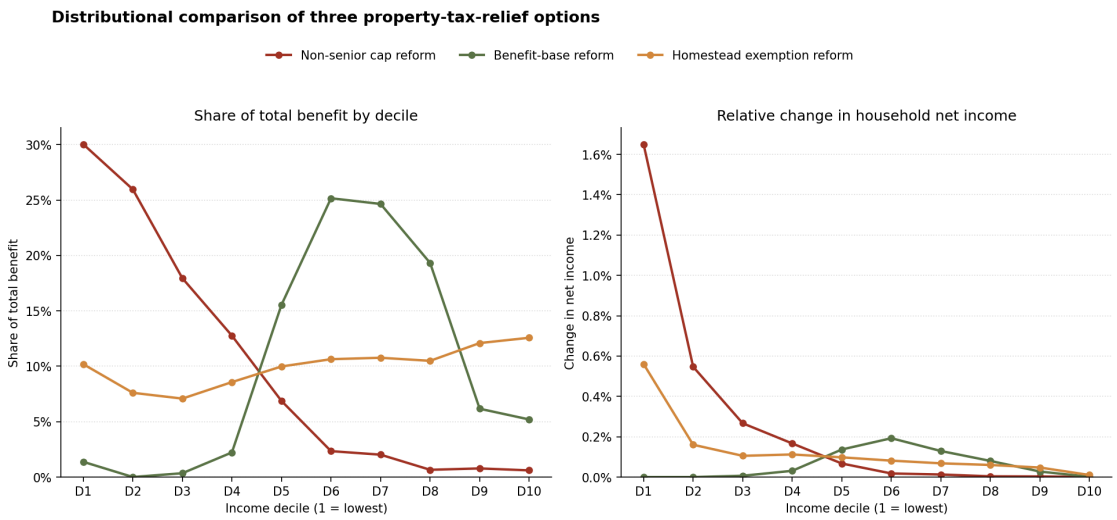
PolicyEngine is a microsimulation model that applies tax and benefit rules to household-level data to estimate how policy changes would affect eligibility, tax liability, credits, and net income across the population. In this analysis, PolicyEngine allowed us to simulate specific changes to Maine property tax relief policy, compare them against a common baseline, and estimate how the resulting benefits would be distributed across income deciles. Because the model works at the micro level, it can compare not only the aggregate effect of a policy change but also how that effect is distributed across different types of households.

We simulated each reform against the same baseline policy environment using Maine household data in PolicyEngine. Households were grouped into income deciles, from D1 for the lowest-income decile to D10 for the highest-income decile. We held the overall cost of the three policies as close as we could so that differences in the figure could be interpreted primarily as differences in targeting and design rather than as differences in total cost.

This analysis is best read as a directional estimate rather than a precise forecast. PolicyEngine is a strong tool for comparing alternative policy designs on a consistent basis, but any microsimulation result depends on the quality of the underlying household data, the assumptions built into the tax and benefit rules, and how closely the modeled policy matches real-world administrative implementation. The results below show the likely direction and relative distribution of effects across households rather than precise predictions of how a finally enacted policy would perform in practice.

The three modeled policies are:

1. **PTFC non-senior cap reform**: increases the maximum Property Tax Fairness Credit payment for non-seniors from $1,000 to $1,500, while leaving the senior cap unchanged at $2,000. This scenario exactly mirrors the property tax relief included in the supplemental budget package recently signed into law as LD 2212.
2. **PTFC benefit-base reform**: increases the non-senior Property Tax Fairness Credit benefit-base schedule by 27.3%, while leaving the cap structure and income rate unchanged.
3. **Homestead exemption reform**: provides a flat homestead-style homeowner benefit of $94.20 delivered through the income tax system.



Distributional comparison of three property-tax-relief options

The figure above compares how the three similarly sized policies distribute benefits across the income distribution. The two panels use relative percentages but answer different questions:

- **Left panel: share of total benefit by decile**: how the total statewide benefit from each policy is divided across income deciles. The panel does not show dollar amounts for any individual household or decile. A larger share going to lower-income deciles indicates that a policy is more concentrated on lower-income households.
- **Right panel: relative change in household net income**: how large the policy change is relative to the incomes of households in each decile. This panel shows where a policy is likely to make the largest difference to household budgets.

Key findings:

- **Lifting the maximum PTFC payment is the most direct way to provide tax relief to households with below-average incomes**: expanding PTFC provides property tax (and rent) relief which is highly concentrated among low-income households.
- **Reforms to the PTFC benefit-base are more concentrated in the middle of the income distribution**, indicating that it mainly benefits households whose credit is currently constrained by the benefit-base schedule rather than by the cap. It produces relatively little change in the bottom decile and larger gains in the middle deciles.
- **The homestead exemption reform is the broadest and flattest of the three options**. Benefits are spread more evenly across the distribution, and the relative effect at the bottom is smaller than under the non-senior cap reform.

Unfunded Mandates

Background

The Real Estate Property Tax Relief Task Force identified unfunded mandates as one driver of pressure on Maine's municipal property tax levies and, in turn, on Maine property taxpayers. The Task Force directed the research team to characterize the scope of unfunded mandates imposed on Maine municipalities and to estimate the cost burden they impose on municipal budgets.

For the purposes of this research, an unfunded mandate is defined as any requirement imposed on a municipality by the state or federal government that is not accompanied by funding sufficient to cover the cost of compliance. This is the working definition that was presented to survey respondents.

Defining the scope of "unfunded mandate"

In practice, the term "unfunded mandate" lacks a single, operational definition that can be consistently applied across municipalities. The category spans statutory requirements, administrative rules, reporting obligations, service-delivery standards, and cost-shift provisions enacted in place of direct state appropriations. Requirements differ in whether they apply to all municipalities or only to those meeting a threshold (such as population or property valuation); in whether they carry a hard compliance deadline or are phased in; and in whether associated state reimbursement is partial, capped, or absent entirely.

Because the boundary of the category is not fixed in statute, any enumeration of unfunded mandates reflects the judgment of whoever compiles the list. Different stakeholders (such as the Maine Municipal Association (MMA), individual assessors, municipal managers, state agencies, and the Legislature) can reasonably produce different lists from the same underlying body of law.

The Maine Municipal Association maintains an internal working list of state and federal requirements that MMA has, at various points, characterized as unfunded or partially funded mandates on Maine municipalities. MMA shared this list with the research team for reference.

The MMA list contains more than 200 distinct items. Its breadth illustrates the definitional point above: the items vary substantially in scope, specificity, cost, and the degree to which they are uniformly applicable across the state's 482 municipalities. MMA has indicated that the list spans multiple legislative sessions and is updated incrementally.

The list was used by the research team as background context and as a sanity-check against themes that emerged from the survey described below. It was not itself used as a checklist presented to respondents; the reasons for that design choice are discussed in the next section.

Survey Design

The research team designed a brief municipal survey with a narrow objective: to identify which unfunded mandates municipal officials view as the largest cost burdens on their own municipal budgets, and to collect self-reported cost estimates for those mandates.

MMA distributed the survey on behalf of the research team via email to approximately 1,700 key and elected municipal officials on the MMA contact list, principally municipal managers and selectboard or council chairs, representing roughly two to seven recipients per community. In addition to responses submitted through the online form, MMA also received a small number of responses directly by email; those are noted separately below rather than tallied with the online-form responses.

The survey was deployed as a Google Form. Because "unfunded mandate" is a broad and inconsistently bounded category, the instrument was designed as a free-text survey rather than a ranked checklist drawn from the MMA running list. A free-form design allows respondents to describe mandates in their own terms — bundling related requirements, naming items not on the MMA list, or paraphrasing a single statutory provision — so that trends can emerge from respondent language rather than from the research team's categorization. The tradeoff is that free-text responses require manual categorization after the fact and produce a smaller set of directly comparable responses.

Respondents first identified their municipality, name, and job title (e.g., City Manager, Finance Director). They were then asked to identify, in order, the three unfunded mandates creating the largest cost burden for their municipal budget. For each identified mandate, respondents were asked to describe the mandate in open-ended free text and to estimate its minimum and maximum annual cost of compliance, in dollars. The first of the three mandate descriptions, along with its minimum and maximum cost estimates, was required; the second and third were optional.

A final closing question asked respondents to rate, on a 1–10 scale, the overall impact of the three mandates on their municipality, with 1 labeled "minimal impact" and 10 labeled "extremely severe."

Results

Response volume

The survey received 24 responses through the online form, each from a distinct municipality. Against a distribution of roughly 1,700 recipients across the state's 482 municipalities, that count represents a small fraction of the potential respondent pool. This is expected. The survey's completely open-design creates fatigue and led to a small sampling. The responding municipalities range in size from plantations and small rural towns to service-center cities.

Mandates identified

Respondents' free-text descriptions were reviewed and grouped into categories by the research team. Items that were described with different language but clearly referred to the same underlying obligation were grouped together. The mandates identified as the largest, second-largest, or third-largest cost burden by more than one respondent were, in descending order of the number of responding municipalities citing them:

- **Public education funding** (K–12 generally, Essential Programs and Services funding formula, teacher salary mandates, special education, school tuition): 10 respondents: cited at rank 1 by 8, rank 2 by 2.
- **State-defined property tax exemptions and reimbursements** (BETE, Homestead, veterans' excise, nonprofit exemptions, tax-exempt or tax-deferred land, poverty abatement, tax-exemption processing): 7 respondents: cited at rank 1 by 4, rank 2 by 1, rank 3 by 3.
- **Maintenance of state roads and bridges** (winter plowing and sanding of state roads, road and bridge maintenance, road and bridge "abandonment" onto municipalities): 6 respondents: cited at rank 1 by 2, rank 2 by 4, rank 3 by 1.
- **Solid waste disposal and recycling**: 5 respondents: cited at rank 1 by 1, rank 2 by 2, rank 3 by 2.
- **Land use and housing mandates** (LD 1829, LD 2003, LUPC obligations, state-driven land-use and density changes): 5 respondents: cited at rank 1 by 2, rank 2 by 1, rank 3 by 2.
- **County tax assessments** (exclusive of county jail costs): 5 respondents: cited at rank 1 by 1, rank 2 by 3, rank 3 by 1.
- **County jail and corrections costs**: 3 respondents: cited at rank 1 by 1, rank 2 by 1, rank 3 by 1.
- **Public safety** (fire, EMS, and police, distinct from county jail): 3 respondents: cited at rank 1 by 2, rank 2 by 1.
- **General Assistance and emergency sheltering**: 2 respondents: cited at rank 1 by 1, rank 2 by 1.

- **Paid Family and Medical Leave (PFMLA)**: 2 respondents: cited at rank 1 by 1, rank 2 by 1.
- **Environmental protection and wastewater/pollution control**: 2 respondents: cited at rank 2 by 1, rank 3 by 1.

One respondent cited a single combined "County and School Tax Share" item as the largest cost burden, referring to the portion of the municipal property tax levy that passes through to the county assessment and to the local school administrative unit. Because that citation bundles two categories that other respondents reported separately, it is tallied on its own rather than double-counted under public education or county tax assessments.

MMA also received a small number of responses by direct email rather than through the online form. Because those replies did not uniformly follow the three-mandate-with-cost-estimates structure of the instrument, they are not tallied in the list above; some contained free-text reflections on mandate pressure without a ranked top-three, and some engaged only partially with the survey's framing. They are discussed qualitatively in the conclusions below.

A note on cost estimates

The survey asked respondents to supply a minimum and maximum annual cost-of-compliance estimate for each mandate they cited. Those figures are not reported in aggregate here. Across the 24 responses, estimates for ostensibly similar mandates varied by several orders of magnitude — reflecting both genuine variation in municipal budgets, staffing, and service levels across the responding municipalities and the inconsistent way respondents interpreted what constitutes the cost of "compliance" with a given mandate. Several responses also contained internally inconsistent figures (for example, a stated minimum exceeding the stated maximum), narrative dollar references in place of the numeric fields, or ambiguity about whether the figure referred to an annual recurring cost or a one-time expense. The cost data collected are therefore too heterogeneous to support comparable category-level estimates in this section, and any aggregation would be more misleading than informative. The difficulty of parsing these figures is itself further evidence that the category "unfunded mandate" is too wide for a single brief survey to price.

Overall impact rating

Across the 24 responses, the 1–10 impact rating (where 1 = "minimal impact" and 10 = "extremely severe") had a mean of approximately 7.3 and a median of 8. This rating skews high, which is consistent with self-selection: officials most motivated to respond to a survey on unfunded mandates are those whose municipalities are most affected by them.

Conclusions

Municipalities do not converge on a single or small set of mandates as universally most costly. The mandates identified in the survey vary across respondents, consistent both with the heterogeneity of Maine's 482 municipalities and with the breadth of the MMA running list itself. Only a handful of categories were cited by more than one respondent; the three most frequently named were public education funding (cited by ten respondents), state-defined property tax exemptions and reimbursements (seven respondents), and maintenance of state roads and bridges (six respondents).

The survey's findings are limited. The 24 online-form responses are a small fraction of the roughly 1,700 officials reached, responding officials likely differ from non-responding ones in ways that correlate with mandate salience, the cost estimates collected were too heterogeneous to aggregate meaningfully, and the smaller set of direct-email responses varied widely in how closely they followed the survey's structure. Together these limits underscore the opening point of this section: "unfunded mandate" is too broad a working term for a single brief survey to bound. Future research should narrow the scope, focusing on a specific mandate or small set of mandates tied to particular sections of Maine Revised Statutes, rule, or federal requirement, and should draw on administrative data from municipal budgets and state-collected financial reports where available.

Where future research cannot drill down to specific pre-identified mandates, an alternative approach is structured interviews with a stratified sample of municipal officials, conducted against a common interview protocol. Structured interviews would preserve the open-ended character of the free-text survey used here, letting officials describe the mandates they view as most costly in their own terms, while producing richer and more directly comparable qualitative data than the online form could elicit and allowing interviewers to disambiguate cost estimates and definitional scope in real time.

Valuation Practices

Motivation

Research question: How is property valued across Maine, how often is it revalued, and is the underlying assessment process delivering equitable, up-to-date values?

The fairness of the property tax is downstream of the quality and consistency of valuation practices. A community whose values are out of date, or whose assessments are uneven across property types, is collecting taxes inequitably even if its mill rate is set correctly. Three Task Force questions sit inside this section: whether to mandate revaluation cycles more frequently than the constitutional ten-year floor, whether to regionalize assessment, and whether residential property values have outpaced commercial values in a way that has shifted tax burden onto homeowners.

We approach these questions on two parallel tracks: what the *data* says, and what the *assessors* say. Regardless of what the legislature decides, assessors are the people who will have to implement the final policy, so their voices belong in the conversation. The assessor-survey portion of this section draws on responses from 36 assessors representing roughly 60 named jurisdictions, distributed by the Maine Municipal Association in early 2026.

What Maine law requires

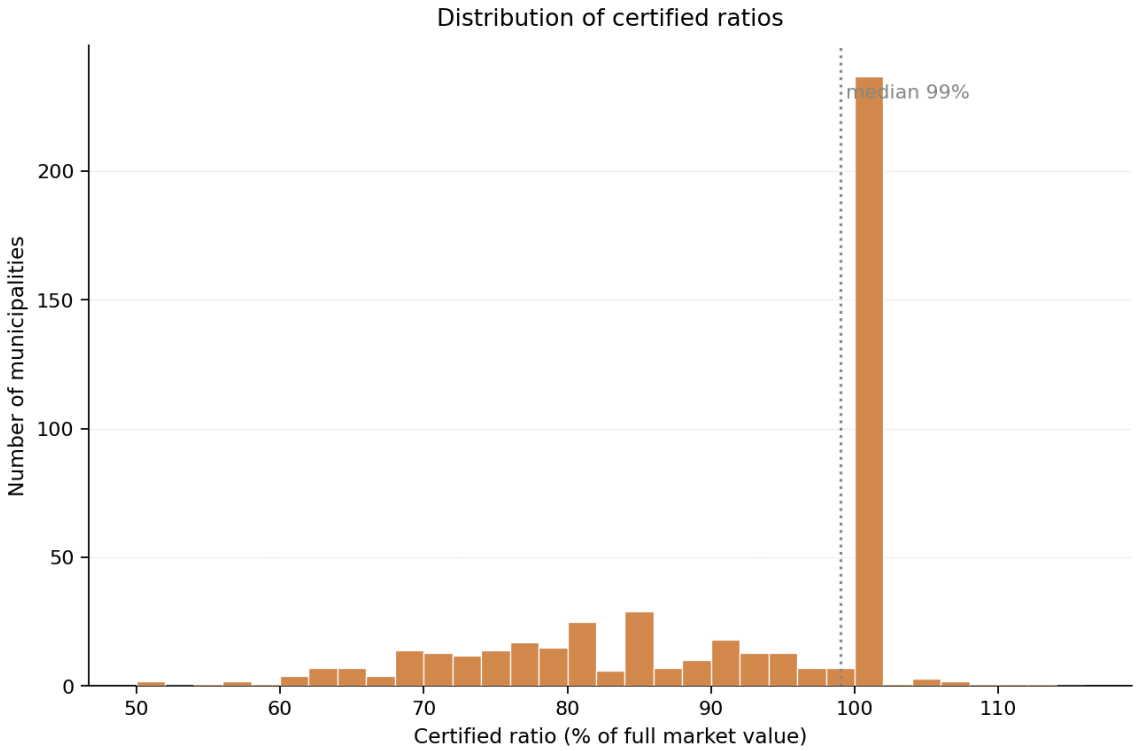
The Maine Constitution, Article IX § VII, provides that *"while the public expenses shall be assessed on estates, a general valuation shall be taken at least once in 10 years."* That ten-year floor is the binding constitutional standard. Statute then layers additional requirements on top of it. 36 M.R.S. § 327 sets a 70% minimum certified ratio (with a 110% ceiling) and a maximum coefficient of dispersion of 20. 36 M.R.S. § 328 requires physical inspection of every real-property and personal-property account at least every four years and annual sales-ratio studies. Notably, statute does *not* require municipalities to maintain tax maps; that is left to local discretion.

Taken together, four standards are in force: a general valuation at least once every ten years; physical re-inspection at least every four years; annual sales-ratio studies; and a certified ratio that may not fall below 70% (and may not exceed 110%) of just value. The four standards, if enforced, are sufficient to ensure equitable valuation. The empirical question this section opens with is whether they are in fact being met.

Statewide Snapshot

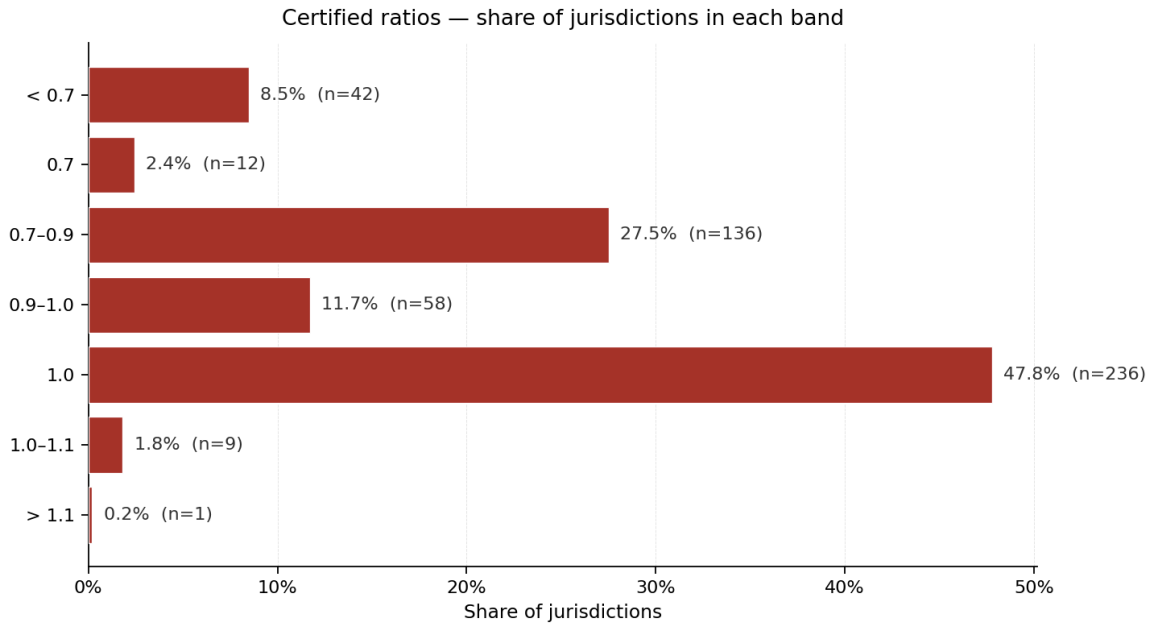
The median certified ratio statewide is 99%, meaning most Maine municipalities are at or near full-value assessment. The most common valuation contractor is RJD Appraisal (51 municipalities), followed by John E. O'Donnell & Associates (35). The two dominant assessment software platforms are Trio (which leads by municipality count) and Vision (which leads by population served). Soft regionalization through shared private-sector platforms is already a feature of the Maine assessment landscape, a finding the Task Force will want to keep in view as it considers the case for hard regionalization.

Compliance with the certified-ratio standard



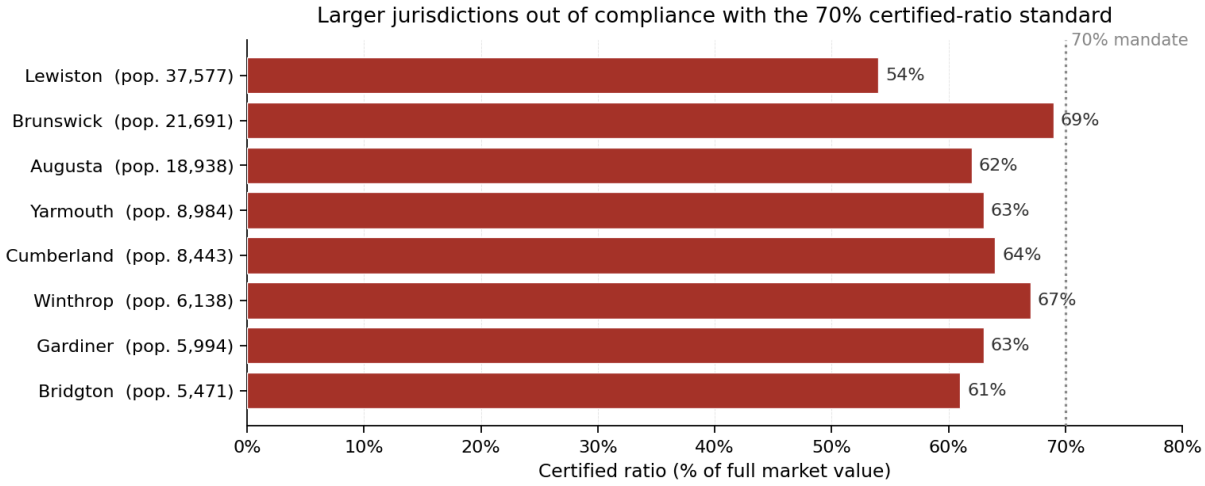
Distribution of certified ratios across all Maine municipalities (2024 MVR).

The distribution of certified ratios is bimodal: a tall spike at 100% (the modal pattern, with 236 municipalities, or 47.8%, certified at full value) and a long tail running from approximately 50% up to 99%. Most jurisdictions are safely in compliance with the 70% statutory floor. Based on 2024 MVR data, 88.7% of Maine jurisdictions are above the threshold, with another 2.4% sitting exactly at 70%.



Share of jurisdictions in each certified-ratio band.

However, 42 jurisdictions (8.5%) had a certified ratio below 0.7, and an additional 12 were right at 0.7, technically in compliance but dangerously close to the floor. Together those 54 jurisdictions make up 11% of all municipalities and represent roughly 15% of Maine's population. Eight medium-sized or larger jurisdictions stand out in this group as worth naming directly: their populations and certified ratios are shown below.

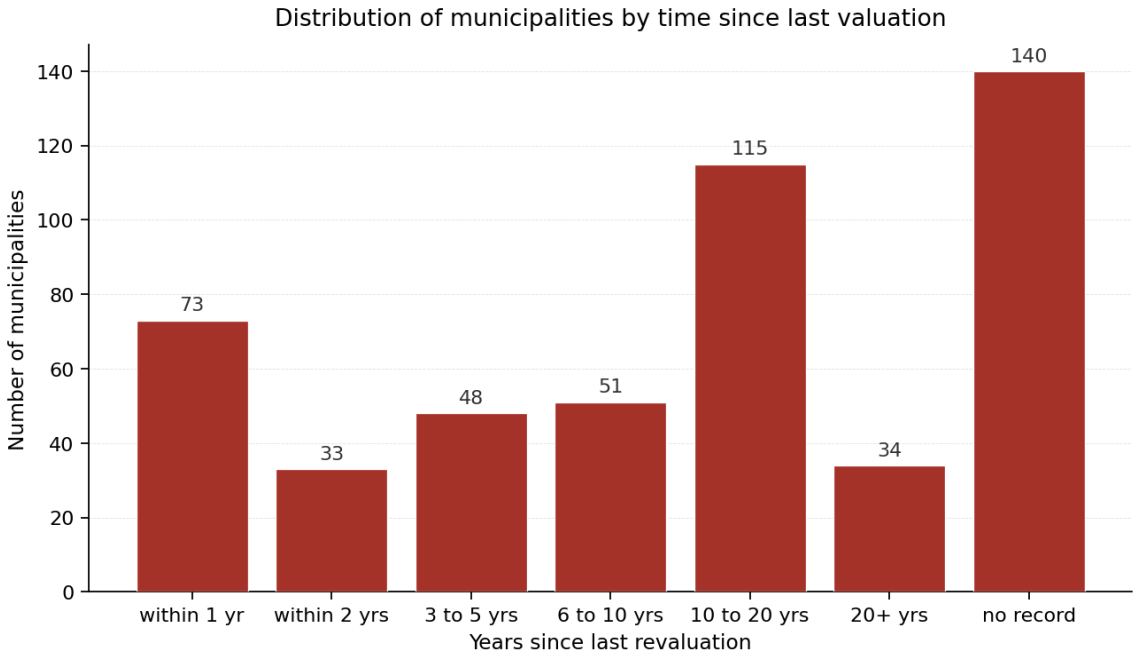


Larger jurisdictions out of compliance with the 70% certified-ratio standard.

Compliance with the ten-year valuation standard

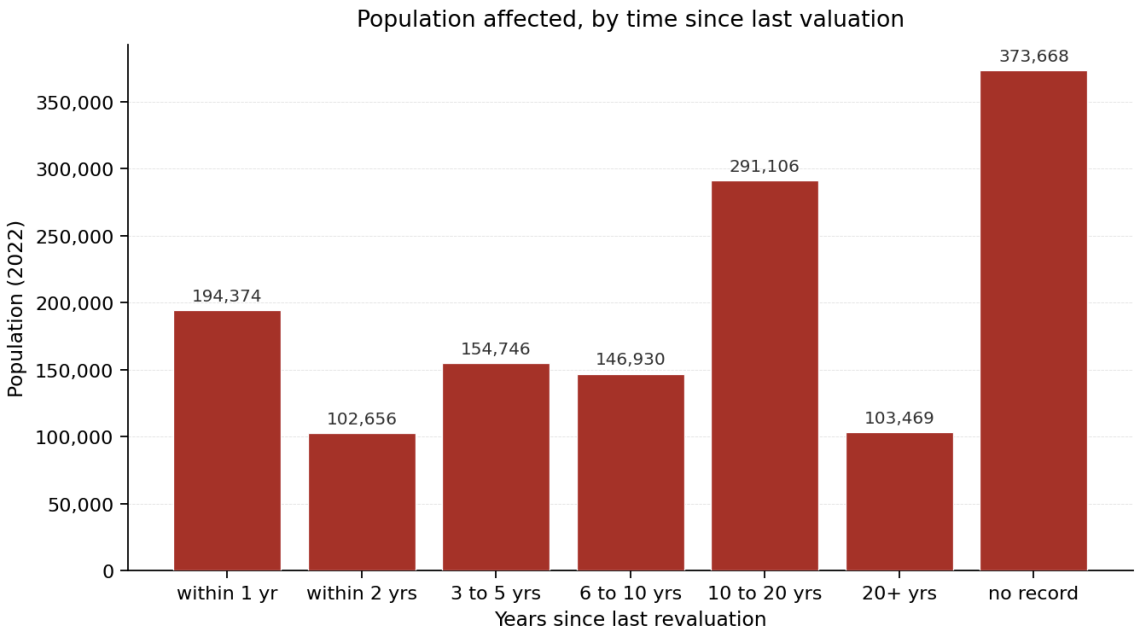
What the data says

Of Maine's 494 municipalities, 139 lack any recorded last-valuation date, a finding worth flagging in its own right, because it means the State currently cannot easily verify constitutional compliance for those jurisdictions. Among the 354 municipalities for which a date is on record, the distribution is bimodal: a cluster of recently-revalued towns within the last 1 to 3 years, and a much larger cluster that is more than a decade past its last revaluation.

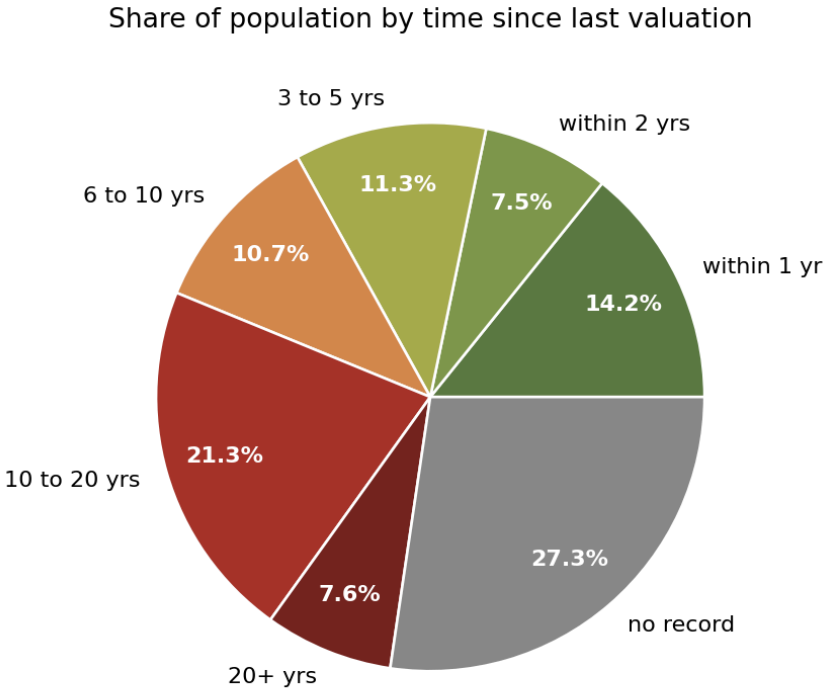


Distribution of municipalities by time since last valuation.

Counting towns alone understates the scale of the problem because much of Maine's population is concentrated in larger jurisdictions. Re-weighting the same distribution by 2022 population gives a clearer picture of how many Maine residents are actually affected.



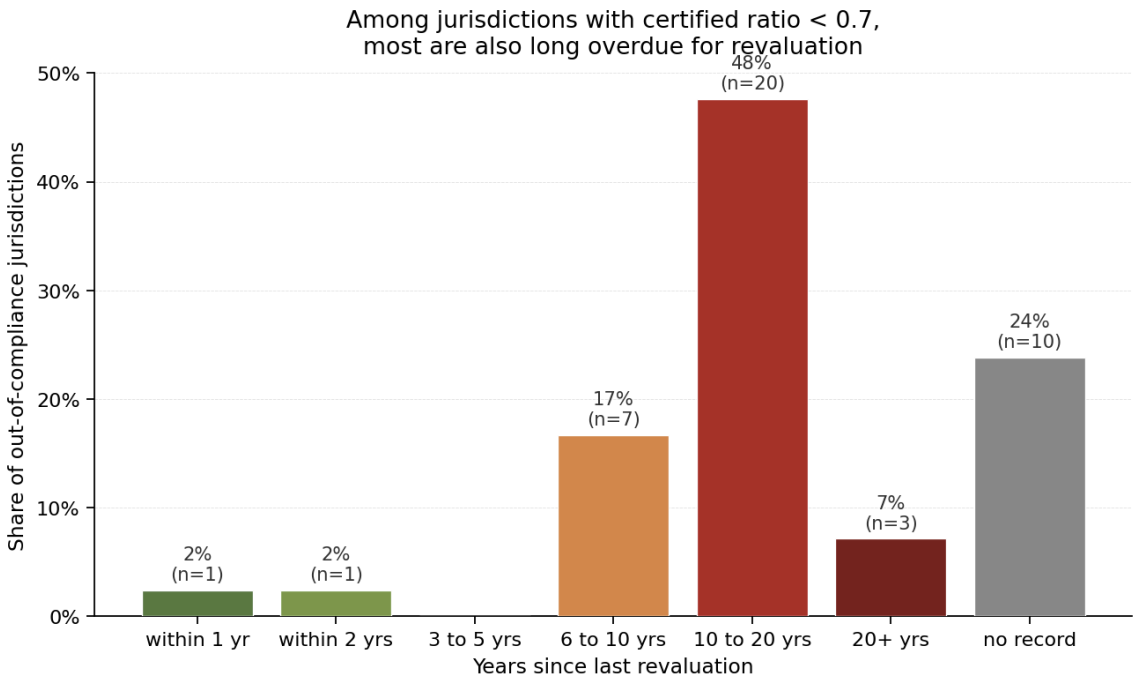
Population affected, by time since last valuation.



Share of Maine's population by time since last valuation.

About a quarter of the population lives in a municipality that revalued within the last three years; an even larger share, roughly 21%, lives in one that has gone more than a decade since its last revaluation; and another 27% live in a municipality with no recorded valuation date at all. The constitutional ten-year standard appears to be widely violated, and the State currently lacks the data infrastructure to know exactly how widely.

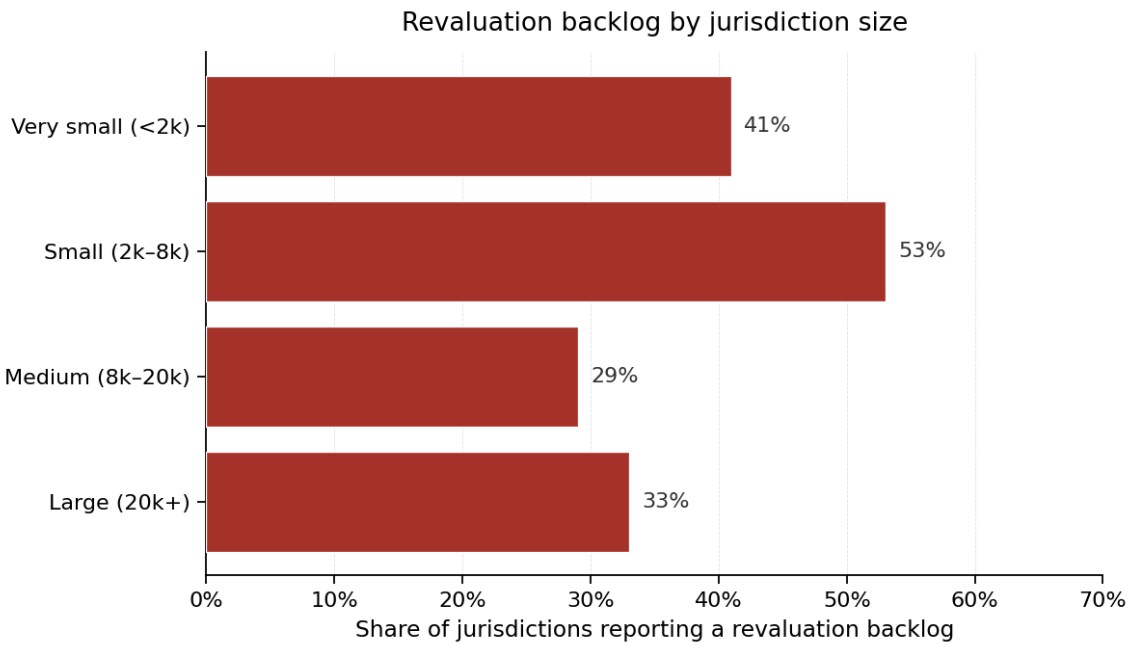
The two compliance failures overlap. Of jurisdictions with certified ratios below 0.7, the large majority are also long overdue for revaluation, concentrated in the 10-to-20-year and 20+-year ranges, with another sizeable share showing no date on record. Enforcement of the existing ten-year standard would mechanically resolve a substantial share of the certified-ratio compliance problem.



Among jurisdictions with certified ratio < 0.7, distribution by time since last valuation.

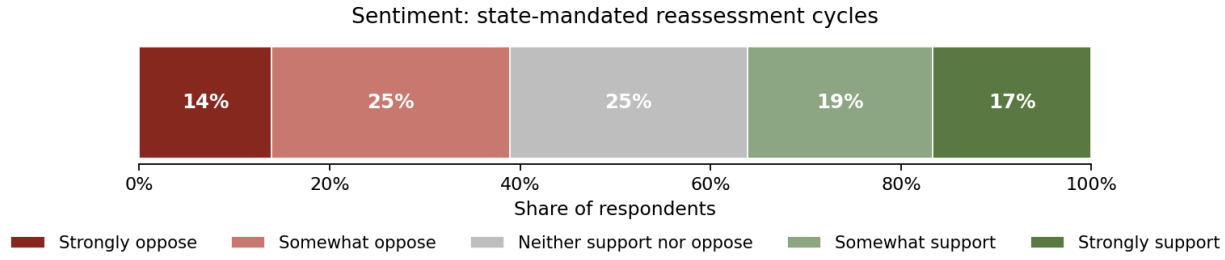
What the assessors say

Of the 60 named jurisdictions represented by survey respondents, 25% reported a revaluation backlog (defined as parcels going five or more years without update). The problem was most pronounced among small jurisdictions.



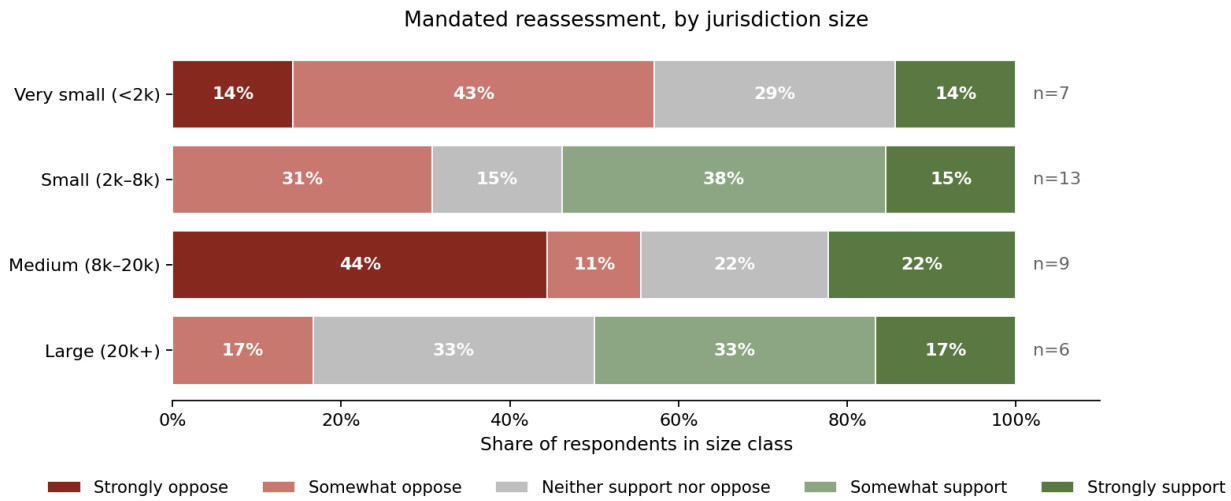
Reported revaluation backlog, by jurisdiction size.

Sentiment on a state mandate to revalue more frequently was nearly evenly split: 36% in favor, 39% opposed.



Sentiment on state-mandated reassessment cycles, all respondents.

Disaggregating by size sharpens the picture. Larger jurisdictions were more supportive of mandated reassessment cycles; the strongest opposition came from medium-sized ones; very small towns leaned mildly opposed but with a non-trivial supportive contingent. No size class was uniformly opposed or uniformly in favor.



Sentiment on mandated reassessment, by jurisdiction size.

Supporters cited the equity costs of stale valuations:

> *"More frequent revaluations creates equity. The town where I live hasn't had a revaluation in over 20 years. The average property owner is supplementing property taxes for the waterfront property owners."*
> *-Survey respondent (in support of mandated reassessment)*

Other supporters framed a state mandate as political cover to do their job: *"It would force towns to support equity."* Opponents centered on cost, loss of local control, and unfunded-mandate concerns:

> *"Reassessments are expensive. Municipalities would have to pass that cost on to taxpayers. Also, reassessments are time consuming and would require more staffing in offices."*
> *-Survey respondent (opposed to mandated reassessment)*

A point of agreement emerged across opposing camps: for very small jurisdictions whose certified ratios are being maintained through annual interim adjustments, a full periodic revaluation may not be necessary. As one strong supporter put it: *"In 2025 we did a reassessment for $50k. If done each year it would add $1000. The Town is planning on keeping the values at 100%."* The same logic surfaces from a strong opponent: *"Extreme cost for smaller communities. Benefit of retaining minimal revenues from state as consequence of certified ratios below 70% does not justify the project costs."* Both responses point at the same underlying idea: that compliance with the certified-ratio standard, not the existence of a periodic full revaluation, is the right operational test.

Several respondents pointed at enforcement of existing standards as the higher-leverage intervention. One spoke for that camp directly:

> *"What we need is for MRS to hold assessing agents accountable for their practice of allowing assessments to fall below 70 percent to force a revaluation. Assessing agents need to do the same work that a full-time assessor would do annually including sales analysis with interim adjustments… Mandatory revaluations will be very costly to towns and cities that are working on very tight budgets. Maine Revenue Services needs to hold themselves and all assessors accountable to enforce the law as approved by the Legislature."*
> *-Survey respondent*

Recommendation: enforce existing standards

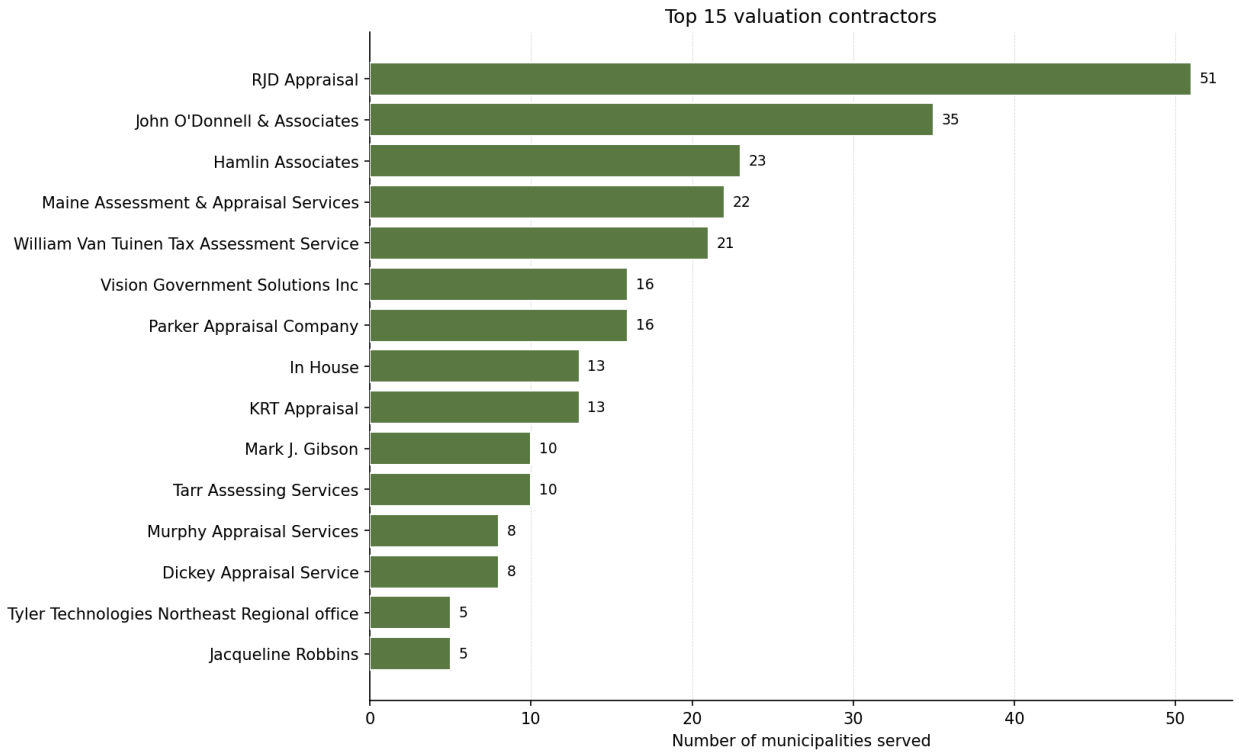
Maine already requires physical re-inspection at least every four years, annual sales-ratio studies, a certified ratio above 70%, and a general valuation at least every ten years. These standards, if enforced, are sufficient to ensure fair and equitable valuations, but the data and survey evidence both suggest they are not consistently being met. Roughly 70% of jurisdictions with certified ratios below 0.7 are also more than ten years past their last recorded revaluation; an additional 139 municipalities lack any recorded last-valuation date at all. New legal mandates are unlikely to help if existing ones are being ignored. The higher-leverage intervention is twofold: stronger enforcement mechanisms and better reporting infrastructure, so the State can verify constitutional compliance in real time rather than retrospectively.

Should Maine regionalize assessment?

What the data says

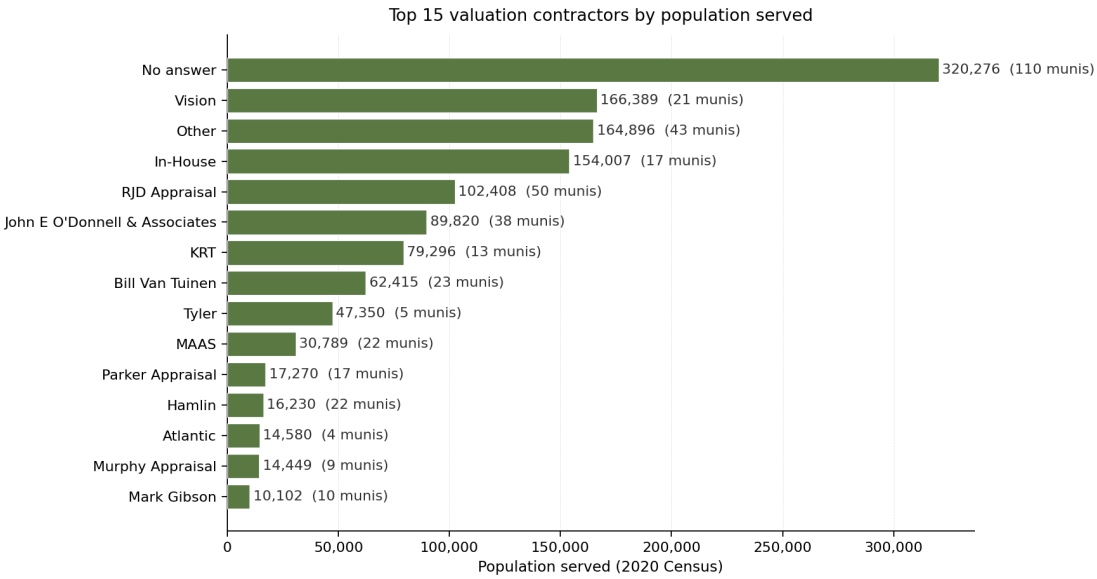
Maine's assessment function is highly devolved: 482 municipalities, the vast majority of them small. There is an open question whether some form of regional consolidation would generate cost savings or improve quality. The data lets us answer two parts of that question directly: how concentrated the contractor and software-vendor markets already are, and how widely shared assessors operate across small towns.

Contractors and software vendors



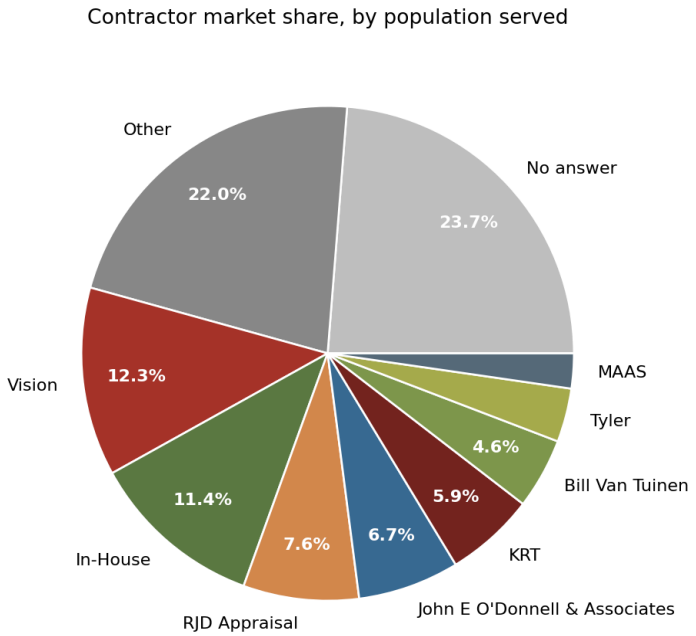
Top 15 valuation contractors in Maine, by number of municipalities served.

The contractor landscape is dominated by a small group of regional firms. RJD Appraisal serves 51 municipalities, John E. O'Donnell & Associates 35, Hamlin Associates 23, Maine Assessment & Appraisal Services 22, and William Van Tuinen Tax Assessment Service 21, with a long tail of smaller providers and in-house assessors. Re-ranking the same firms by population served reweights the picture toward the towns each contractor covers.



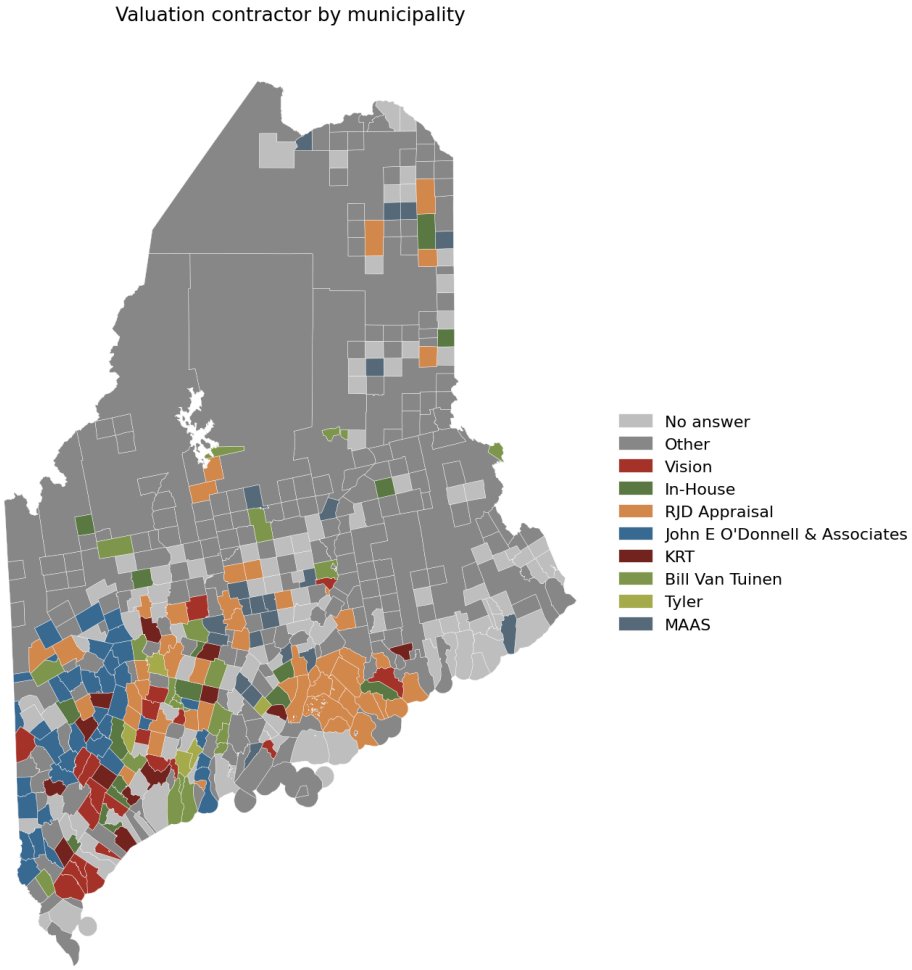
Top 15 valuation contractors by population served (2020 Census).

Roughly a quarter of Maine's population sits with municipalities that did not report a contractor in the assessment-practices survey, with Vision Government Solutions, In-House operations, RJD Appraisal, and John E. O'Donnell & Associates leading the named tier.



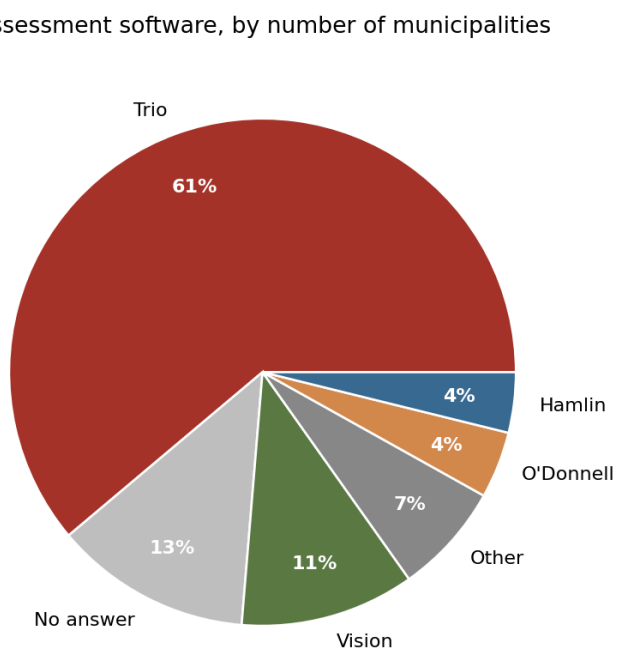
Contractor market share, by population served. Categories with less than 1.5% of population are bucketed as Other.

Spatially, the top firms are regionally concentrated rather than statewide. O’Donnell is dominant in the western half of the state and along its northern interior; RJD is dominant in the mid-east; Vision is heavily represented in the populated southwest.

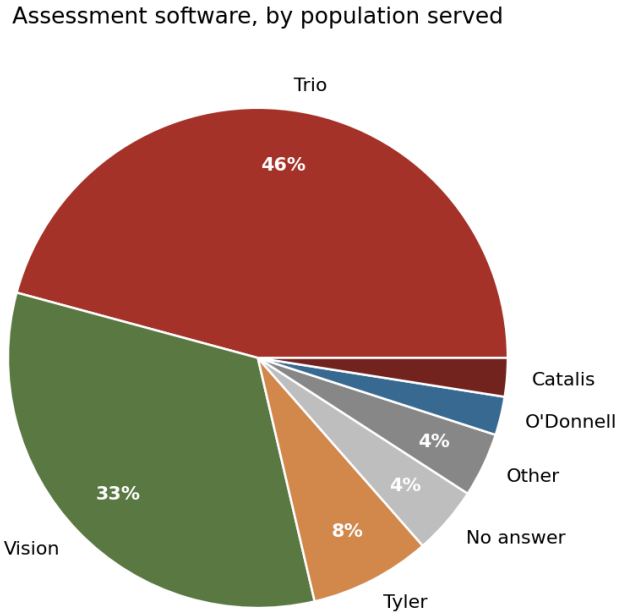


Valuation contractor by municipality. Categories below 1.5% of population are bucketed as Other.

The software side is more concentrated than the contractor side. Trio leads by municipality count, with roughly 6 in 10 Maine towns running on it, but the population-weighted picture tilts toward Vision, whose customer towns are larger.

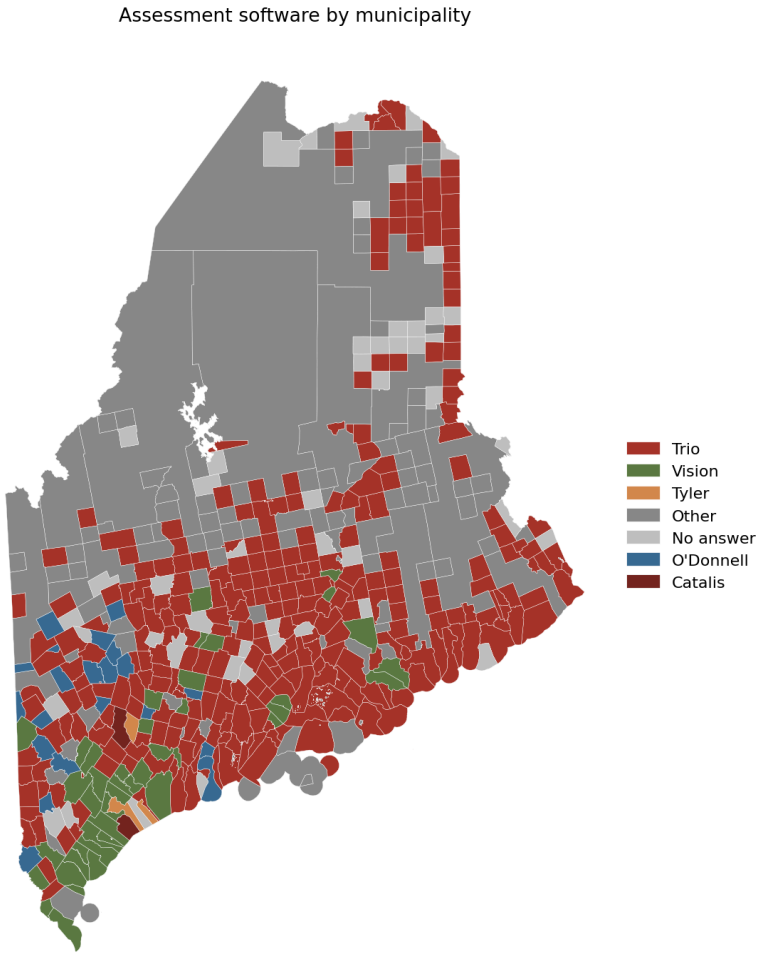


Assessment software by number of municipalities.



Assessment software by population served.

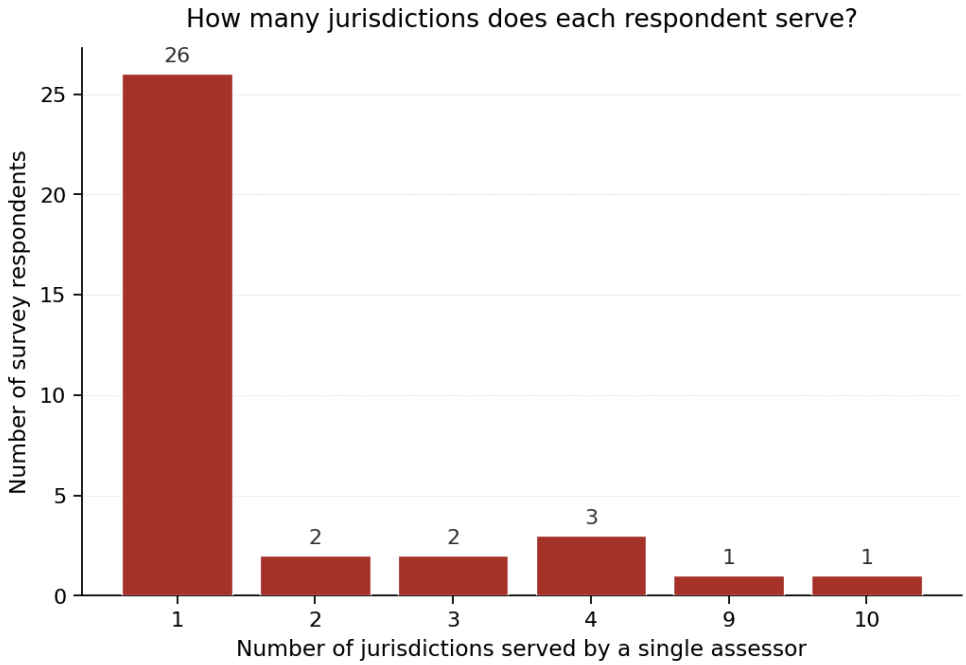
The same regional pattern shows up on the map: Vision concentrates in southwest Maine and along the coast (where the population sits), while Trio is the default for nearly everywhere else.



Assessment software by municipality.

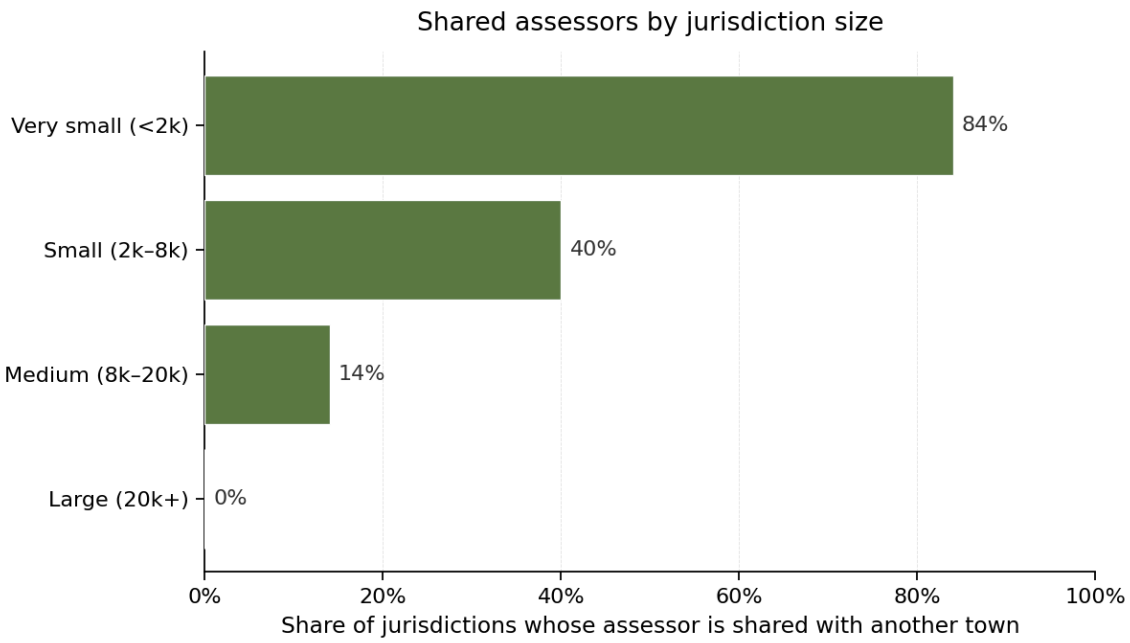
The point worth emphasizing: much of Maine's assessment work is *already* running on a small number of common systems. This represents *de facto* regional consolidation through private-sector platforms, even though the formal assessment function remains local. A second layer of soft regionalization is visible in the way assessors themselves are deployed.

Has “soft regionalization” already happened?



Number of jurisdictions served by each survey respondent.

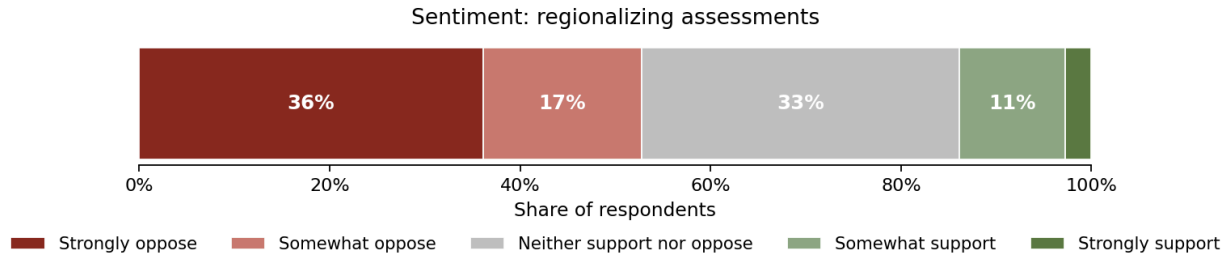
Although 26 of 35 respondents work for a single jurisdiction, the remaining 9 collectively account for at least 28 jurisdictions (one respondent simply replied “lots”). Almost every jurisdiction relying on a shared assessor is small or very small.



Share of jurisdictions whose assessor is shared with another town, by size.

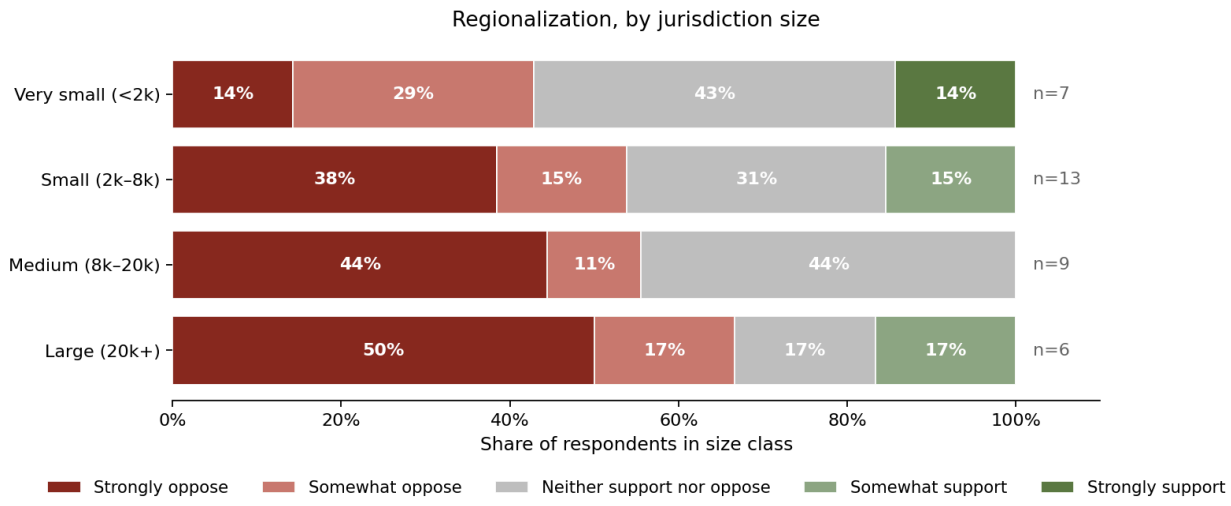
Soft regionalization through shared assessors is therefore already underway, concentrated where it is most needed: among the small towns least able to support a full-time, in-house assessment office. Roughly 84% of very small jurisdictions in our sample share an assessor with at least one neighbor.

What the assessors say



Sentiment on regionalizing assessments, all respondents.

An outright majority of respondents oppose regionalization (53% combined oppose; less than 14% in support; about 33% neutral).



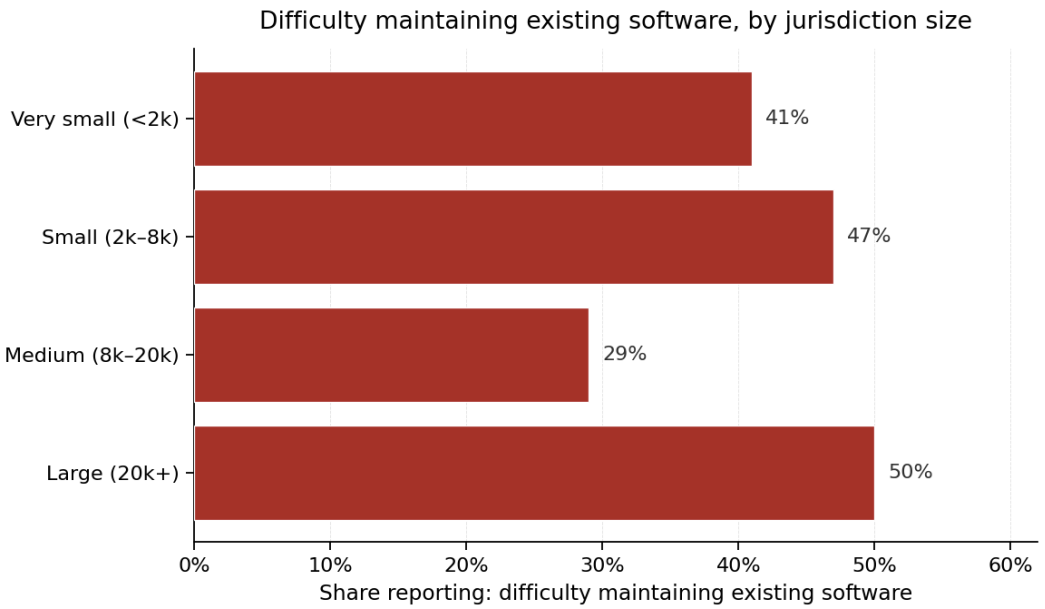
Sentiment on regionalization, by jurisdiction size.

Opposition draws from every size class, but is strongest in the small and medium tiers. Recurring themes from the open-text responses: loss of local knowledge and community connection, home-rule and governance concerns, doubts about cost savings, and worries about implementation complexity in a state whose municipalities are genuinely heterogeneous:

> *"Rural Maine has very diverse non-homogenous communities in close proximity to each other."*
> *-Survey respondent*

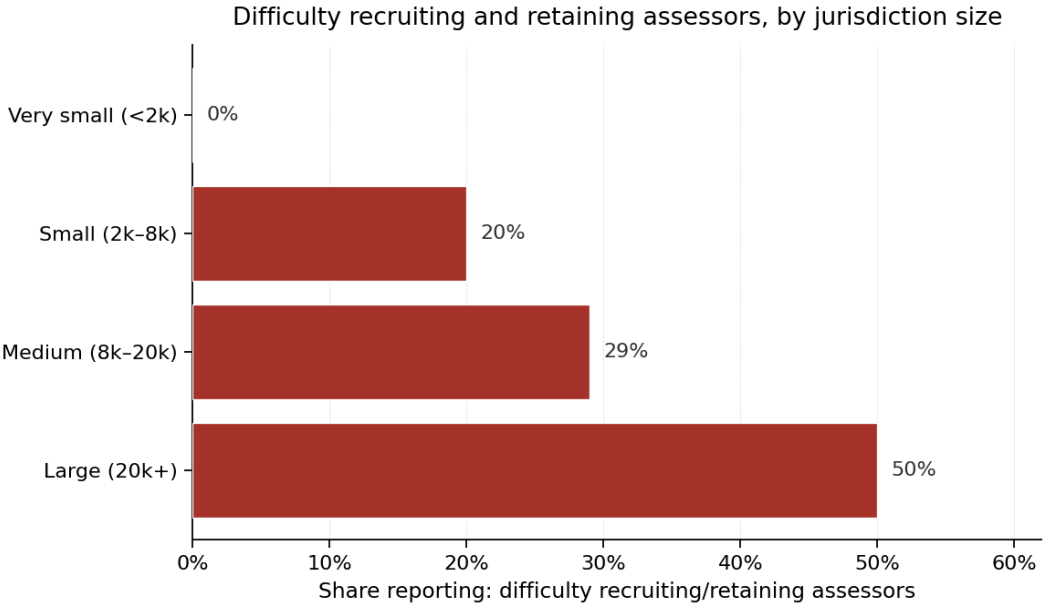
> *"A regional system would not fit each town the same. It would likely result in the loss of local knowledge, affect accessibility to residents, and stretch limited staff even further. Larger municipalities require a significantly higher level of attention and resources."*
> *-Survey respondent*

Cross-tabulating with the "problems faced in the past three years" question reveals a more textured picture of where the operational pressures actually fall. Difficulty maintaining existing software was the most commonly reported problem in the survey, and it cuts across size classes, affecting both very small and large jurisdictions at roughly the same rate.



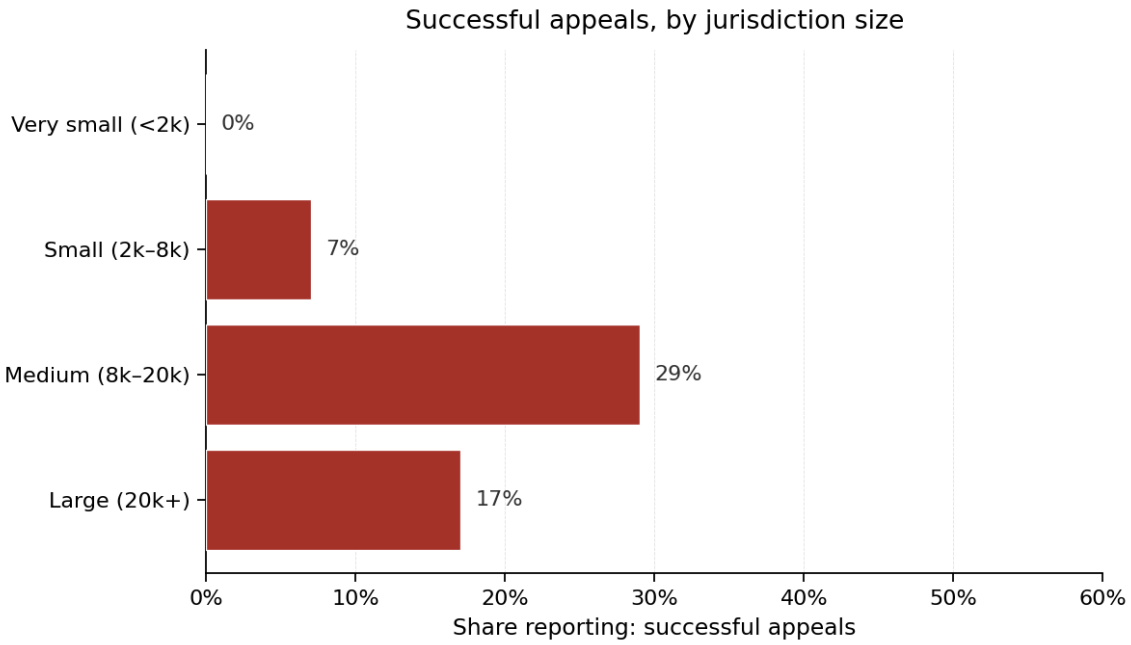
Difficulty maintaining existing software, by jurisdiction size.

Staffing pressures, perhaps surprisingly, run in the opposite direction from the popular narrative. Recruiting and retaining assessors is a problem concentrated in *medium and large* jurisdictions, not small ones, likely because the very smallest already rely on shared assessors, and the largest carry the most parcels and the most work.



Difficulty recruiting and retaining assessors, by jurisdiction size.

Successful appeals, often invoked as a justification for regionalization, also concentrate in the medium tier. Few small towns reported them as a problem.



Successful appeals as a reported problem, by jurisdiction size.

Both findings cut against the standard case for regionalization. The traditional argument is that small jurisdictions are under-staffed and ill-equipped to defend their valuations; on the survey evidence, those problems are more characteristic of medium and large jurisdictions.

Recommendation: regional support, not regionalization

Pushing for hard regionalization, which would take assessment authority out of local hands, would face overwhelming opposition from the assessors who would be asked to implement it, and at least some of that opposition reflects substantive concerns about local knowledge, home rule, and the heterogeneity of Maine's municipalities. The Task Force could pursue much of the *outcome* of regionalization (capacity, technical depth, software efficiency) by providing regional and statewide *support*: training and continuing education, pooled software licensing, MRS oversight funding, and entry-pathway development for the assessment profession.

Two state-level precedents are worth examining. Kansas presented its statewide data-sharing initiative at the 2026 GIS/Valtech conference: Kansas: Statewide Data-Sharing, How Kansas Unified 105 Counties for Better Transparency and Efficiency. Oklahoma's Center for Local Government Technology provides software procurement, training, and technical assistance

across many small and rural jurisdictions in a context similar to Maine's. Both precedents preserve local assessment authority while building shared technical capacity at the state level.

Assessors' own free-response answers point in the same direction. Recurring themes: more training, better-funded MRS oversight, and an explicit profession-entry pathway. Selected verbatim:

> *"Support entry into the Assessing profession so more young people choose this as a career. Having a CMA is a piece of paper only and does not prepare you for actually performing the work. A yearlong college type class would do wonders."*
> *-Survey respondent*

> *"More funding to Maine Revenue Services Property Tax Division so they have time to perform more auditing and oversight (exemption auditing, etc.). More funding to MRS to support State recordkeeping and analysis (for example, a State Homestead Exemption database, updating the Assessment manual, etc.)."*
> *-Survey respondent*

One working example of voluntary regional assessment consolidation already exists in Maine. Cumberland County operates a Regional Assessing program in which six municipalities — Baldwin, Casco, Falmouth, Gorham, North Yarmouth, and Yarmouth — pool their assessment function through a county-run enterprise fund. Participating towns contract with the county for a fully staffed professional department, including certified assessors, field appraisers, and administrative support, at a cost the county says is lower than what each town would pay to staff a comparable in-house operation. No municipality was compelled to join; participation is entirely voluntary and governed by contract, leaving each town in full control of its own tax rate, budget, and appeals process.

The Cumberland County model illustrates that county-level aggregation of the assessment function can address both the staffing-capacity and revaluation-backlog problems that disproportionately afflict small Maine municipalities — without a legislative mandate. Rather than pursuing hard consolidation through state compulsion, Maine could treat this model as an aspirational template and ask what incentives — grants, liability relief, state technical assistance — might encourage other counties to develop similar programs. The county tier is an institutional scaffolding that already exists statewide, requires no new governmental entity, and offers a politically viable path toward soft regionalization through carrots rather than sticks.

Recommendation: review exemptions annually

One topic the survey did not ask about, but which assessors raised repeatedly in free-response, was the proliferation and complexity of Maine's property-tax exemptions. Carve-outs accumulate over decades; over time the cumulative administrative burden grows substantially, and some

long-standing exemptions may serve obsolete policy goals. Two specific concerns surfaced repeatedly: first, that exemptions deserve periodic merits review on a regular basis rather than persisting indefinitely once enacted, and second, that the BETE (business equipment tax) exemption has produced large unreimbursed local revenue losses well beyond what was anticipated when the program began. The City of Bath's assessor reported that BETE alone now costs Bath taxpayers $0.83 in increased mill rate, more than six times the $0.13 from all other partial exemptions combined.

A modest, high-leverage step for the Task Force to consider: a statutory requirement that MRS conduct an annual review of property-tax exemptions, and that the legislature reauthorize them on a defined cadence. Selected verbatim:

> *"Reviewing exemptions and the current use programs regularly. These items greatly affect the town's valuation and some of the laws and rules are out of date and not as practical as they were when they were instituted."*
> *-Survey respondent*

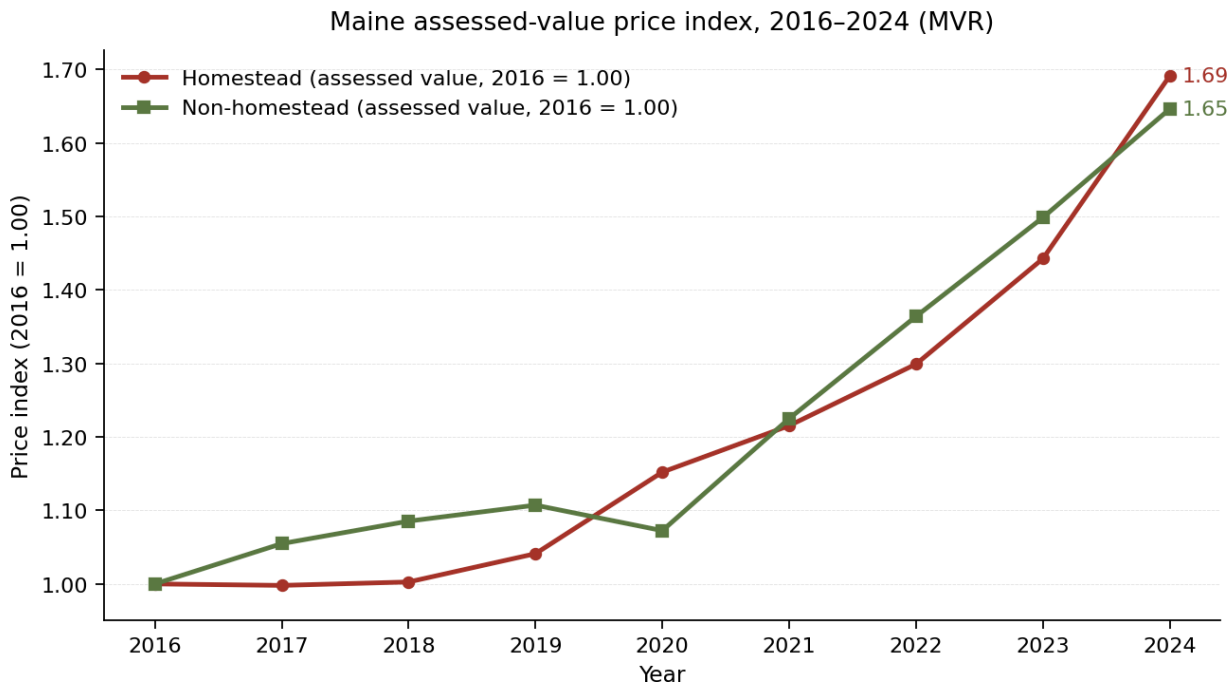
> *"Mandate annual review of exempt properties."*
> *-Survey respondent*

Have residential valuations outpaced commercial?

Research question: Have residential property values grown disproportionately relative to commercial property values in a way that has shifted tax burden onto homeowners?

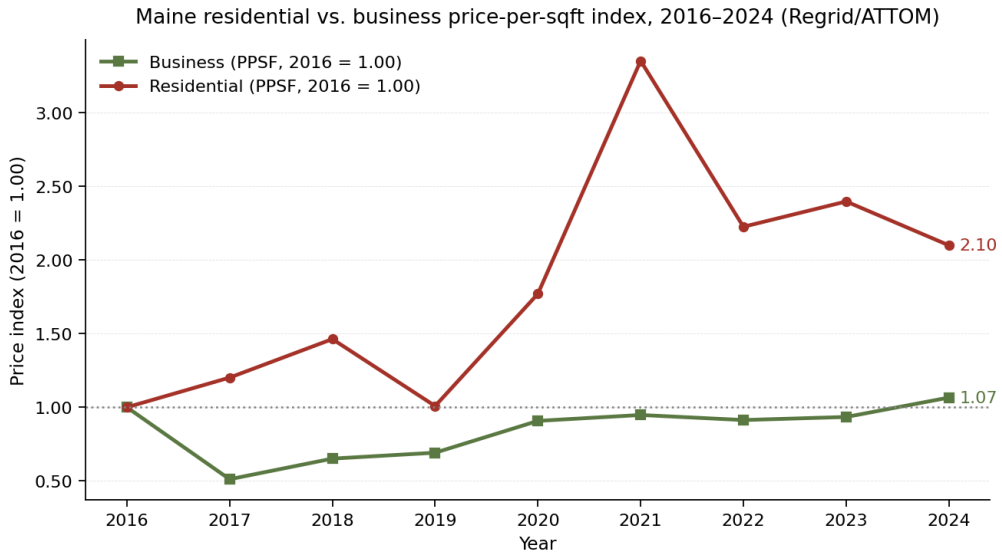
A central Task Force question is whether residential valuations have outpaced commercial valuations in a way inconsistent with true market value. We address that question on two tracks: assessor-side, using MVR's homestead and non-homestead categories as an internal proxy with 2016 as the baseline year; and market-side, using a price-per-square-foot index built from parcel-level Regrid and ATTOM data.

On the assessor side, the two indices grow together rather than diverging. Homestead and non-homestead total taxable value rise at almost identical rates, both roughly 65% above their 2016 baselines by 2024. The slight ordering of the two flips around 2020 (non-homestead briefly led; homestead overtakes) but the gap is small relative to the trend.



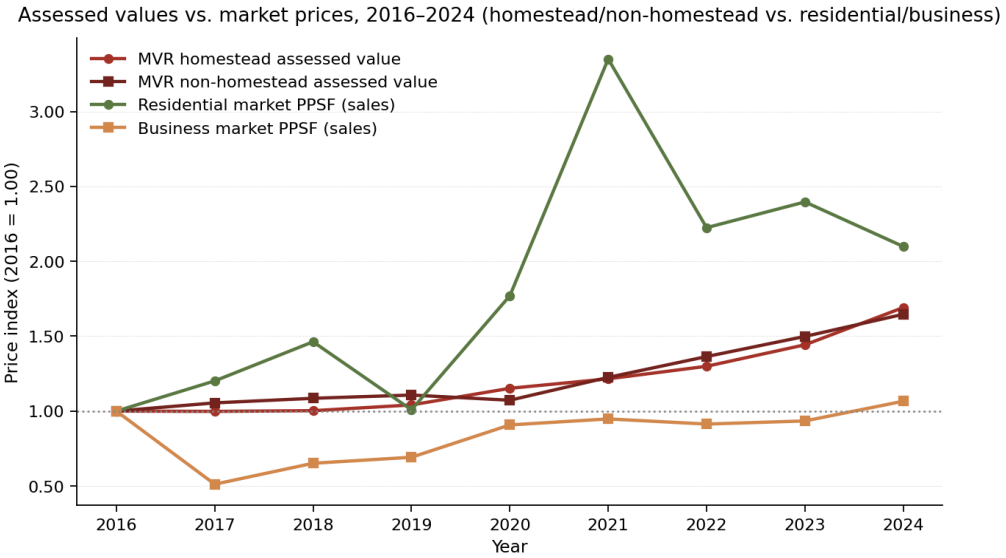
Maine MVR assessed-value price index, 2016–2024 (homestead vs. non-homestead, both indexed to 2016 = 1.00).

Market behavior tells a more dispersed story. Using a price-per-square-foot index built from parcel-level Regrid/ATTOM sales data and Maine's residential vs. business categorization, residential market prices rose substantially over the window (the median residential PPSF in 2024 sits roughly 2.1x the 2016 baseline), while business PPSF moved much less (roughly 1.07x in 2024). The 2021 spike in residential PPSF reflects the post-pandemic transaction surge and the relatively thin business-sale sample size in earlier years.



Maine residential vs. business price-per-sqft index, 2016–2024 (Regrid/ATTOM sales). 2021 reflects the post-pandemic surge and a thin business-sale sample.

Overlaying the two views makes the assessment-vs-market gap visible. Assessed values for both classes track each other closely, while the underlying market for residential properties has run far ahead of the underlying market for business properties, and ahead of either MVR series.



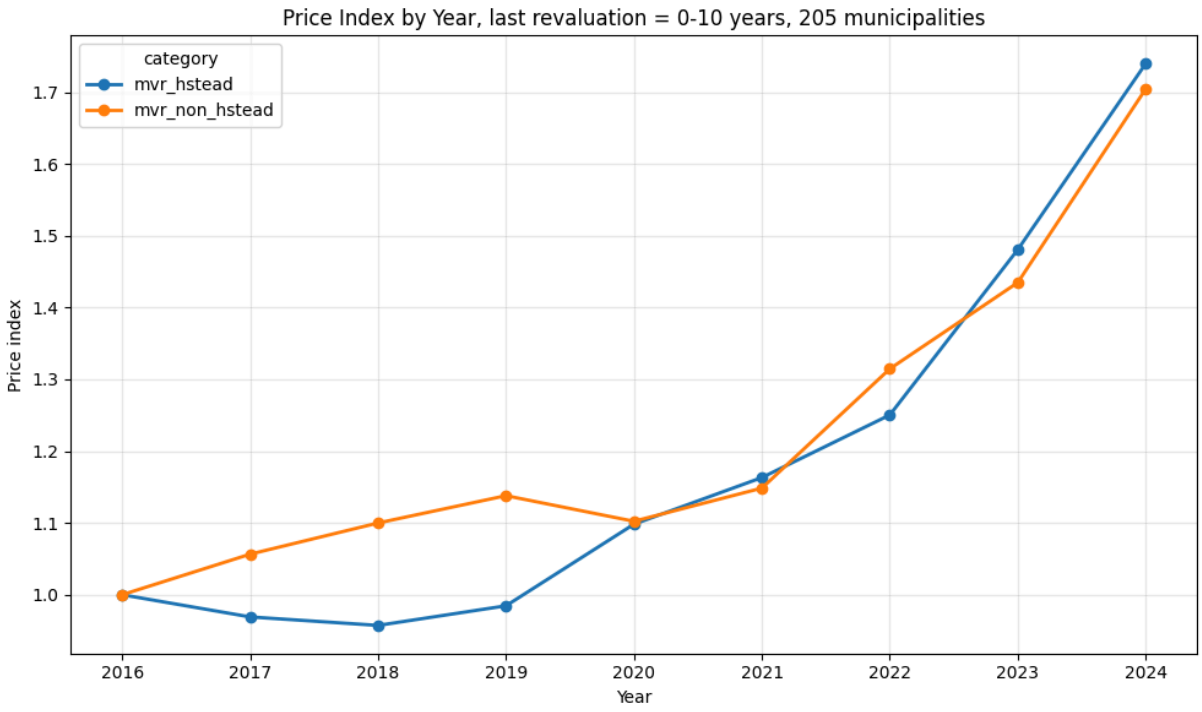
Assessed values vs. market PPSF, 2016–2024 (homestead/non-homestead vs. residential/business).

The implication runs in the opposite direction from the popular narrative. Assessed values for residential property have grown *more slowly* than the corresponding residential market,

meaning homestead taxpayers are paying tax on a base that has fallen behind the actual market, not raced ahead of it. Assessed values for non-homestead/business property have grown *faster* than the corresponding business-market PPSF, narrowing rather than widening the assessment gap on the commercial side. Assessment practice is therefore not a meaningful driver of rising homeowner tax bills; the rising bills are explained more by the underlying growth in residential market values themselves and by the municipal appropriations process.

However, we learned above that many municipalities have not conducted a full revaluation in the past ten years, meaning that their assessed values may be remaining the same over time, or being adjusted-upwards by the same amount for all properties. It is therefore worth considering whether municipalities that conduct frequent revaluations are seeing residential property values rise faster than those for non-residential.

We examine this in the following chart, where we observe the same trends as above. Even in municipalities which have conducted a revaluation within the past 10 years, homestead and non-homestead assessed values have increased at the same rate. Diverging trends in assessed values do not indicate that the tax burden is being shifted onto homeowners.



Maine MVR assessed-value price index for municipalities that have conducted a full revaluation within the past ten years, 2016–2024 (homestead vs. non-homestead, both indexed to 2016 = 1.00).

Key findings

1. The compliance failures are clustered. 149 municipalities are more than ten years past their last recorded revaluation, and another 139 lack any recorded valuation date at all. Of the jurisdictions with certified ratios below 0.7, the large majority are also long overdue for revaluation. Enforcement of the existing constitutional ten-year standard, paired with better reporting infrastructure, would mechanically resolve a large share of the certified-ratio compliance problem.

2. Assessors oppose hard regionalization, but soft regionalization is already happening. Less than 14% of survey respondents support regionalization. At the same time, roughly 84% of very small jurisdictions in the sample share an assessor with at least one neighbor, and the contractor and software-vendor markets are concentrated in a small number of regional players. The state-level intervention with the broadest assessor support is regional *support* (training, software-licensing assistance, MRS oversight funding, professional-entry development), not regionalization.

3. Residential assessments have not outpaced commercial assessments. Both grew at similar rates from 2016 to 2024 in the MVR; if anything, market evidence suggests assessed values for *commercial* property have grown faster than the corresponding market prices, while assessed values for homesteads have grown more slowly than residential market prices. Assessment practice is not a major driver of rising homeowner tax bills.

4. Exemptions should be periodically reviewed. The single most-cited unprompted concern from assessors was the proliferation and administrative complexity of Maine's property-tax exemptions, with BETE singled out as having produced large unreimbursed local revenue losses. A statutory annual review of exempt properties, paired with a defined reauthorization cadence at the legislative level, would be a high-leverage step.

Key Conclusions

This report was prepared in response to Resolve 2025, c. 108, which charged the Maine Real Estate Property Tax Relief Task Force with reviewing Maine's current system of real estate property taxation and identifying who is most negatively affected by that system. This report provides research and analysis relating to several aspects of the property tax system: property values and tax rates, the effect of nontaxable property, federal funding flows, the suite of statewide relief programs, unfunded mandates, and valuation practices.

Several important results arise from this analysis.

- **Property tax burdens as a share of household income have been relatively flat over time.** Tax bills have risen in dollar terms as municipalities have kept up with rising costs to provide services to their communities, but household incomes have kept pace, suggesting that property taxes have not become more burdensome on average.
- **Long-tenure homeowners do not appear to face higher property tax burdens than newer neighbors.** The cross-sectional appearance of higher effective rates on longer-tenure owners is a composition effect driven by those owners tending to cluster in communities with higher tax rates. At the individual level within individual municipalities, longer tenure is associated with a marginally *lower* effective rate.
- **Primary service centers consistently appear to carry a structural cost burden compared to their surrounding hinterlands.** Property taxes weigh most heavily against household income in service-center and Professional-economy communities, and least heavily in Bedroom and Farm/Forest ones. Service centers combine the highest effective tax rates, the lowest median household incomes, and roughly five times the nontaxable-value effect of non-service-center municipalities, consistent with their funding of regional infrastructure used by residents of surrounding towns who do not contribute to its cost.
- **Farm/Forest communities are uniquely exposed in a different way.** They combine the longest homeowner tenure, the lowest property values, and the weakest housing markets, while also typically operating with thinner municipal service levels than the rest of the state.
- **Maine's high concentration of seasonal homes lightens the property tax burden on year-round residents.** Maine has the highest share of seasonal, recreational, or occasional-use homes of any state in the nation: roughly 16% of the entire housing stock. Seasonal homes are fully taxable at market value, ineligible for the homestead exemption, and tied to part-year service demand, meaning they contribute to the local levy without drawing it down through relief programs or generating year-round service costs.
- **Households make use of exemptions and tax credits at a far higher rate than deferral.** The Homestead Exemption and the Property Tax Fairness Credit each reach

roughly three quarters of their eligible populations; whereas the State Property Tax Deferral Program reaches a fraction of one percent of eligibles. The disparity is more consistent with willingness-to-pay concerns than with widespread inability to pay.

- **Of the relief programs that we modeled, increasing the Property Tax Fairness Credit maximum benefit for non-seniors (as recently passed in LD 2212) is the most direct way to help households with below-average incomes.** It directs relief most concentratedly toward the low-income households for whom property tax or rent represents a genuine income burden, whereas benefit-base and flat-homestead alternatives spread benefits further up the income distribution.
- **Direct federal exposure to municipal budgets is modest, and what exists is concentrated in larger, urbanized communities.** Direct federal receipt rates rise sharply with municipality size, and recurring direct grant exposure sits almost entirely with cities and primary service centers, principally through HUD public housing programs and DOT grants for highways and transit.
- **Unfunded mandates resist single-instrument measurement.** The survey we fielded surfaced recurring themes regarding unfunded mandates: K-12 education funding, state-defined property tax exemptions and reimbursements, and state road and bridge maintenance. However, 'unfunded mandates' is a broad and opaque category, and further work narrowed to specific statutory mandates is likely to produce more substantive and actionable findings than our survey-based approach.
- **Residential assessments have not outpaced commercial assessments.** Homestead and non-homestead taxable value have grown together in MVR data; if anything, the residential market has run ahead of residential assessments rather than the reverse. Assessment practice is not a meaningful driver of rising homeowner tax bills.
- **Where assessments do fall out of date, the consequences are real.** Stale valuations erode horizontal equity within a community: typically shifting burden onto the homes that have appreciated least, and away from the waterfront and high-end properties whose market values have moved fastest. A substantial share of Maine municipalities are operating with valuation regimes too old to reflect current market relationships.
- **Soft regionalization of assessment is already underway** through shared assessors, regional contractors, and concentrated software platforms. Hard regionalization is opposed by a majority of practicing assessors. The higher-leverage state-level intervention is regional support: training, software-licensing assistance, MRS oversight funding, and professional-entry development.

This report, the above findings, and the associated data dashboard provide an empirical foundation from which the Task Force's ensuing policy deliberations can proceed.

Appendix

Classification of Municipality Types

To support the Task Force's analysis of property tax burden and municipal fiscal capacity across Maine, we developed a system for classifying each of the state's municipalities along three complementary dimensions: population size, service-center role, and dominant economic base. Each municipality receives one designation under each scheme, allowing the Task Force to cross-tabulate fiscal indicators by any combination of size, regional function, and economic specialization.

The size and service-center classifications are drawn from existing reference frameworks; the economic classification is computed from federal and state employment data using a location-quotient method described in detail below. The full pipeline is implemented in a reproducible Python notebook and produces three categorical fields, one per scheme, joined to a master municipal table.

The three classification schemes at a glance

Scheme	Field name and source
Size	Population-band classification based on the 2020 Decennial Census.
Service center	Primary, secondary, specialized, and small service center designations from the Maine State Planning Office's service center methodology, augmented with a flag to identify municipalities adjacent to a service center.
Economy	Dominant economic type computed using location quotients from ACS 5-year employment data, Maine DOL Quarterly Census of Employment and Wages (QCEW) at-place employment, and the Maine Coastal Program zone list.

All three schemes share a universe of 494 records covering every Maine municipality and the 12 unorganized territory aggregations, ensuring that statewide rollups based on these classifications are exhaustive and non-overlapping.

Readers can review the final classifications for all municipalities at this interactive map.

1. Size classification

Each municipality is assigned to one of seven size bands based on its 2020 Decennial Census population count. The thresholds are designed to distinguish meaningfully different fiscal scales: the smallest tier captures very small towns where year-to-year revenue volatility and limited administrative capacity are dominant features, while the upper tiers separate the small handful of municipalities that anchor the state's labor and service markets from the much larger group of mid-sized towns. Unorganized territories are placed in their own category rather than forced into a population band. Their populations are small in aggregate but are distributed across geographically large county-level aggregations that do not function as conventional municipalities.

Size bands and counts

Designation	Population Range	Muni Count
Tiny Town	25 – 300	86
Small Town	300 – 1,000	118
Medium Town	1,000 – 2,000	111
Large Town	2,000 – 3,500	64
Small City	3,500 – 10,000	81
City	10,000 +	22
UT	(unorganized territory)	12

2. Service-center classification

Service-center designations identify municipalities that supply employment, retail, healthcare, education, and government services to surrounding areas. The base designations (Primary, Secondary, Specialized, and Small) follow the Maine State Planning Office's established service-center methodology, which combines thresholds on retail trade, employment concentration, professional services, and per-capita service activity. We adopt these designations as given rather than recomputing them, both for continuity with prior state planning

work and because the methodology incorporates qualitative judgments that are not fully reducible to a formula.

Designations used

Designation	Description	Muni Count
Primary	Municipalities that serve as full-spectrum regional hubs for employment and services.	24
Secondary	Municipalities serving sub-regional hubs with substantial but narrower service offerings.	20
Specialized	Municipalities anchored by a dominant function — typically a college, hospital, military installation, or major resort — that draws workers and visitors from outside the town.	16
Small	Smaller communities that nonetheless function as local service hubs for surrounding rural areas.	13
SC-adjacent	Municipalities that share a boundary with a Primary or Secondary service center but are not themselves designated. Computed by spatial intersection of municipal polygons. This flag exists to support the Task Force's interest in whether bordering municipalities receive uncompensated benefit from service-center infrastructure.	155
Non-SC	Municipalities with no service-center designation and no shared boundary with a Primary or Secondary center.	254
UT	Unorganized territories, which are not service centers under the SPO methodology.	12

The SC-adjacent classification is the only computed addition to the SPO framework. We tag a municipality as SC-adjacent if and only if its polygon shares a boundary segment with a Primary or Secondary service center and the municipality is not itself one of the four base designations. This narrower definition (touching only the higher-tier centers, rather than any service center)

reflects the substantive question of free-ridership: small and specialized centers are typically narrow in scope and generate less spillover, so adjacency to them is less analytically meaningful.

3. Economic classification

The economic classification assigns each municipality a single dominant economic type drawn from the following set: farming/forestry, fishing, manufacturing, tourism, professional services, institutional (combining health, education, and public administration), bedroom community and diversified.

Assignment is performed by a four-tier pipeline: population screen > bedroom screen > location-quotient (LQ) dominance, and a coastal fishing override — applied in fixed order. Each tier may settle a municipality's classification, in which case subsequent tiers are skipped.

3.1 Industry groupings

ACS table C24030 reports employment in seventeen North American Industry Classification System (NAICS) sector groups. We aggregate these into a smaller set of analytically meaningful categories. A municipality whose employment is concentrated in these sectors but in no tracked sector falls to the diversified category.

Category	Constituent ACS C24030 sectors
farm/forest	Agriculture, forestry, fishing, and hunting
manufacturing	Manufacturing
retail trade	Retail trade + wholesale trade
tourism	Arts, entertainment, and recreation + accommodation and food services
health	Health care and social assistance
education	Educational services
government	Public administration
Professional services	Professional, scientific, and technical services + finance and insurance + information + real estate + management of companies + administrative and waste management services

The health, education, and government categories are computed as separate location quotients during the LQ stage but collapsed into a single institutional label in the final classification. They are kept separate during computation so that a municipality dominated by, for example, a college does not have its education signal diluted by the much larger statewide health-care employment base. Collapsing them at the end reflects the fiscal reality that tax-exempt institutional employers — public-sector or otherwise — share enough common features (large physical plant, exempt or partially-exempt property, payroll-driven local economic footprint) to justify a unified treatment in downstream tax-burden analysis.

3.2 The four-tier pipeline

Each municipality is run through the following stages in order. The first stage that produces a non-null result determines the municipality's classification.

Tier 1 — Population and UT screen

Municipalities with 2020 population below **300** residents are classified as `unclassified`, as are all unorganized territories (identified by names ending in " UT"). At very small populations the location-quotient signal is dominated by sampling noise: a single mill, a single bed-and-breakfast, or a handful of self-employed loggers can drive an extreme LQ that does not reflect any stable economic character. We treat these municipalities as outside the scope of classification rather than risk producing classifications that muddy the results.

Tier 2 — Bedroom screen

For each remaining municipality with QCEW coverage, we compute a jobs-to-workers ratio:

Job-workers-ratio = Jobs within the municipality / Workers who live in the municipality

Municipalities with a ratio below 0.30 are classified as bedroom regardless of which industry their resident employment is concentrated in. The cutoff identifies municipalities where more than 70% percent of resident workers are employed outside the town: at that level of out-commuting, a municipality is functionally a residential exporter of labor, and any LQ-based industry classification would describe its residents' workplaces in other towns rather than its own economic base.

Tier 3 — Location-quotient dominance

For each remaining municipality and each of the eight industry categories, we compute a location quotient, which measures whether a given industry is over- or under-represented in a given town, relative to the state as a whole:

$$Location\ Quotient\ for\ industry\ j\ in\ town\ i\ =\ \frac{industry\ j's\ share\ of\ employment\ within\ town\ i}{industry\ j's\ share\ of\ employment\ within\ Maine}$$

An LQ above 1 indicates that the municipality is more specialized in that industry than the state as a whole. The municipality is assigned to the category with the highest LQ, provided that LQ exceeds the dominance threshold of 1.4. If no category clears the threshold, the municipality is classified as diversified. The 1.4 threshold is conventional in regional-economics work: it requires a municipality to be at least 40 percent more concentrated in an industry than the state baseline before we assert that the industry defines the town's economic character. Lower thresholds produce more classifications but generate spurious specializations driven by small-sample noise; higher thresholds leave too many genuinely specialized towns in the diversified bucket.

Tier 4 — Coastal fishing override

ACS C24030 bundles agriculture, forestry, fishing, and hunting into a single sector. To distinguish fishing-dependent municipalities from forestry- and agriculture-dependent ones, we apply a geographic proxy: any municipality classified as farm/forest in Tier 3 that also appears on the Maine Coastal Program's official coastal zone list is reclassified to fishing. The Coastal Program's zone is defined for regulatory purposes and includes 139 municipalities, both directly oceanfront and tidally connected via estuaries and rivers, providing a more inclusive proxy than coastline adjacency alone.

3.4 Final distribution

After all four tiers, the 494 records distribute across economic categories as follows:

Category	Count
Unclassified	98
Bedroom	152
Institutional	58
Farm/Forest	46
Fishing	44
Diversified	32
Manufacturing	27
Tourism	25
Professional Services	12

The two largest single categories — bedroom and unclassified — together account for just over half of all municipalities. This is consistent with Maine's settlement pattern: a relatively small number of service centers and economically specialized towns surrounded by a large population of small communities whose economic identity is defined more by where their residents work than by what is produced within their boundaries.

Property Categories

Maine has no statewide standardized property-type classification at the parcel level. Each municipality maintains its own use-code system on its assessment roll, and those systems are not directly comparable across the 494 jurisdictions in the dataset. To support property-type analyses elsewhere in this report, we constructed a unified two-level classification: a high-level Level 1 (six categories) and a more detailed Level 2 (thirteen sub-categories). By cascading across four reference sources in fixed order, every parcel in the 900k+ record statewide master receives a Level-1 category; 84% receive a Level-2 sub-category.

The cascade

For each parcel, we draw a Level-1 and Level-2 category from the four sources below in priority order. The first source that produces a positive result at a given level determines the parcel's classification at that level.

1. **ATTOM** standardized property-use codes (PropertyUseGroup and PropertyUseDesc).
2. **Regrid municipal tax-roll use-codes**, joined to a per-municipality calibration key maintained by the research team. Only entries flagged as confidently mapped propagate into the cascade.
3. **Regrid zoning** (zoning_subtype), keyed to the canonical category set.
4. **LBCS** (Land-Based Classification Standard), used only to fill records the prior stages left as unknown.

A small set of post-cascade reconciliation rules then enforces internal consistency between Level 1 and Level 2 — for example, a parcel that ends up with Level 2 = single_family but Level 1 = other is flipped to Level 1 = residential; a parcel with either level set to vacant land has the other level forced to match.

ATTOM is given highest priority despite the higher resolution of municipally-calibrated tax-roll codes. ATTOM publishes a single nationwide standardization, which keeps inter-municipal classification practice consistent at the cost of some loss of locally-specific signal; Regrid's per-muni use-codes are reserved for the records ATTOM does not classify. The two sources agree on Level 1 for the substantial majority of parcels where both are populated.

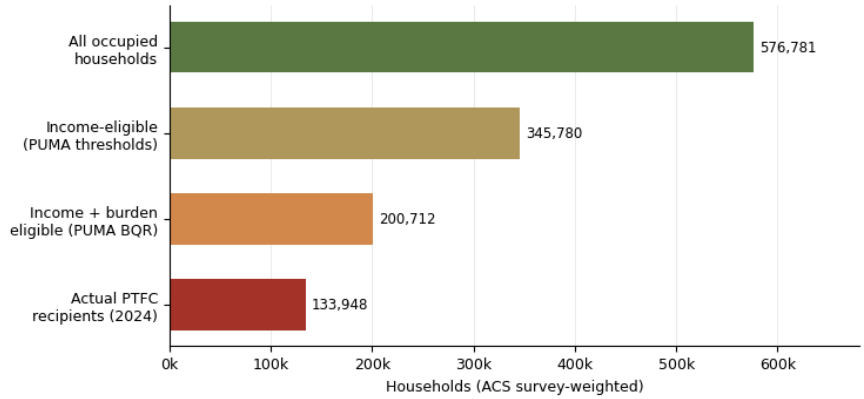
Municipality-level percentages computed from these fields are subject to a quality threshold: jurisdictions where more than 30% of trusted Level-1 parcels fall in the residual other category are suppressed from the property-type-composition and commercial-share measures. Under that threshold, 310 of 472 municipalities are reported and Piscataquis is the one suppressed county.

Estimating PTFC Eligibility

The Ideal Dataset

Precise identification of Maine households eligible for the Property Tax Fairness Credit would require access to individual Maine income tax returns linked to property tax records. Such a dataset would contain, for each Maine household: total household income as defined by statute (including capital gains and other items excluded from standard survey income measures); tax filing status (single, married filing jointly, head of household); number of qualifying dependents; confirmation of Maine residency and principal-residence status; and the annual property taxes paid (for owner-occupants) or rent paid (for renters) on that residence. With this information, the two eligibility conditions — income below the filing-status-specific threshold and property taxes or rent exceeding the burden threshold — could be evaluated exactly for every household in the state.

Figure A.1 PTFC eligibility funnel, Maine



Source: ACS 2023 5-year PUMS; Maine Revenue Services (2024 PTFC recipients).
Income eligibility uses PUMA-level PUMS rates with filing-status-specific thresholds (36 M.R.S. §6232). Burden eligibility: property taxes > 4 % of income (owners) or rent > 26.67 % of income (renters).

Why This Dataset Does Not Exist

Maine Revenue Services does not make individual tax return data available for research use. No public dataset combines household income, filing status, dependent count, and housing cost information at a level of geographic detail fine enough to produce municipality-level estimates. As a result, estimation requires combining several public data sources, each of which introduces approximations. We use three approaches of increasing local specificity, which we describe in turn.

The Three Approaches

All three approaches share the same basic structure. The American Community Survey (ACS) 5-year estimates for Table B19037 (Age of Householder by Household Income) provide counts of households in each income bracket and age group at the municipality level. These counts are multiplied by estimated eligibility rates — the probability that a household in a given income bracket and age group is both income-eligible and passes the property-tax or rent burden test — and then summed to produce a

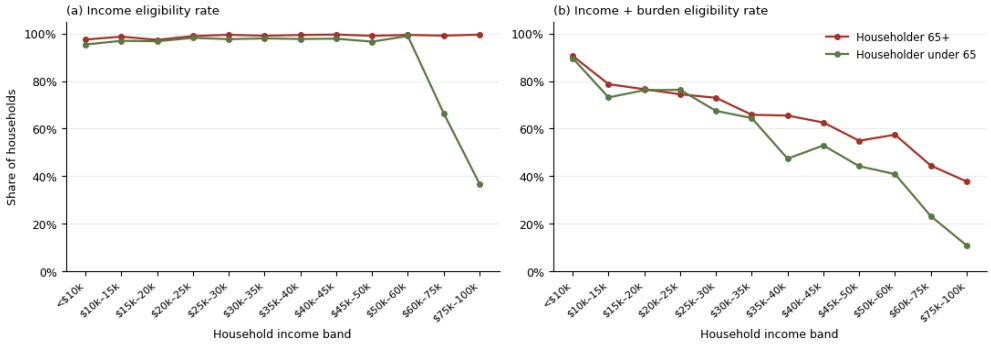
municipality-level estimate of eligible households. The approaches differ in how those eligibility rates are constructed.

Approach 1: Statewide Burden-Qualifying Rate (Statewide BQR)

In this approach, eligibility rates are derived from the ACS Public Use Microdata Sample (PUMS) for Maine, applying a simplified income threshold: households with a householder under age 65 are treated as income-eligible if household income is below $97,500; households with a householder aged 65 or older are eligible if income is below $100,000. These thresholds are then combined with statewide PUMS-derived burden-qualifying rates — the share of income-eligible households in each income band whose annual property taxes exceed 4% of income (owners) or whose annual rent exceeds 26.67% of income (renters).

Biases. This approach overstates the eligible population — and therefore understates the take-up rate — for the following reasons. First, it applies uniform income thresholds rather than the filing-status-specific thresholds in statute: the actual threshold for single filers is $61,250, compared to $80,000–$97,500 for married-filing-jointly households depending on dependent count. Applying $97,500 universally includes many single-filer households that are not actually eligible. Second, it makes no adjustment for the fact that married-filing-separately households are categorically ineligible. Third, the ACS household income measure (HINCP) excludes capital gains, meaning some higher-income households — particularly older homeowners with significant investment income — appear income-eligible when they are not. Fourth, burden-qualifying rates are averaged across the entire state and therefore do not reflect the variation in property tax and rent levels across Maine's diverse communities. Fifth, the method includes households that do not file a Maine income tax return and therefore cannot claim the credit.

Figure A.2 PTFC eligibility rates by income band and householder age, Maine



Source: ACS 2023 5-year PUMS, Maine (n = 28,846 occupied housing units).
Panel (a): share of households in each band with income below the applicable PTFC threshold, using filing-status-specific thresholds ($61,250 single to $97,500 MFJ with dependents; $100,000 for 65+). Panel (b): share meeting both income and burden tests.

Figure A.2 illustrates why the choice of income threshold and burden rate matters across the income distribution. Panel (a) shows the share of households in each income band that are income-eligible under the PUMA BQR thresholds, separately for householders under 65 and 65 or older. For the 65+ group the rate declines gradually as income rises toward the $100,000 ceiling. For under-65 householders the decline is much sharper: eligibility holds near 100% through the $50k–$60k band and then falls steeply in the $60k–$75k and $75k–$100k bands, where the $61,250 single-filer threshold cuts off a large share of households that the Statewide BQR's uniform $97,500 threshold would incorrectly retain. Panel (b) shows

the combined share meeting both the income and burden tests: rates are highest at the bottom of the income distribution — where even modest property taxes or rents easily exceed 4% or 26.67% of a very low income — and fall steadily as income rises. Both panels use statewide PUMS averages for illustration; the PUMA BQR method in Approach 2 applies these rates at the level of individual PUMAs to capture regional variation in filing-status composition.

Approach 2: PUMA-Level Burden-Qualifying Rate (PUMA BQR) — Preferred

This approach retains the B19037 municipality-level household counts but replaces the simplified eligibility rates with rates estimated at the level of Public Use Microdata Areas (PUMAs) — sub-state geographic units of roughly 100,000 people. Maine has ten PUMAs broadly corresponding to counties and county groupings. Within each PUMA, eligibility rates are estimated from the PUMS using the correct filing-status-specific income thresholds (applied via PUMS household marital status and dependent count) and the correct burden thresholds (4% of income for owners using the ACS self-reported tax variable TAXAMT; 26.67% of income for renters using the ACS contract rent variable RNTP). Because the PUMS records within each PUMA reflect the actual distribution of filing statuses, incomes, and housing costs for that region, this approach substantially corrects for the main weakness of the statewide method.

Biases. The PUMA BQR approach still overstates the eligible population for three reasons. First, the ACS income measure remains an imperfect proxy for the statutory income definition: capital gains are excluded, meaning some households near the income threshold appear eligible when they should not. Second, the PUMS does not distinguish primary from secondary residences, so some seasonal or part-year Maine residents appear eligible even though the PTFC requires the claimed property to be the principal residence. Third, households that do not file a Maine income tax return remain in the eligible pool. All three biases are well-understood, consistently directional, and relatively modest in magnitude.

Approach 3: Hybrid (Parcel Data + ACS B25070)

The hybrid approach retains the PUMA-level income eligibility rates of Approach 2 but replaces the PUMS-derived burden-qualifying rates with locally observed rates. For owner-occupied households, the burden-qualifying rate for each municipality and income band is estimated from the ATTOM/REGRID parcel dataset: the share of owner-occupied parcels in the municipality whose annual tax bill (adjusted for the Maine $25,000 homestead exemption using certified ratios from the 2024 Municipal Valuation Return) exceeds 4% of the income-band midpoint. For renters, the burden-qualifying rate comes from ACS Table B25070 (Gross Rent as a Percentage of Household Income), which is available at the municipality level; because B25070 uses gross rent (including utilities) rather than contract rent, rates are scaled down by 15% to approximate the contract-rent-based threshold in statute. The owner/renter split within each income band is estimated from ACS Table B25118 (Tenure by Household Income).

Biases. Despite the additional local detail, the hybrid approach consistently produces larger eligible-population estimates than the PUMA approach — and therefore lower implied take-up rates — by approximately 7–8 percentage points statewide. Several biases remain. The ATTOM owner-occupancy flag (StatusOwnerOccupiedFlag) is a proprietary determination that may include some vacation-home owners, particularly in high second-home markets; those properties are not eligible for the PTFC, which requires a principal residence. The 15% gross-rent scaling is an approximation; the actual ratio of contract

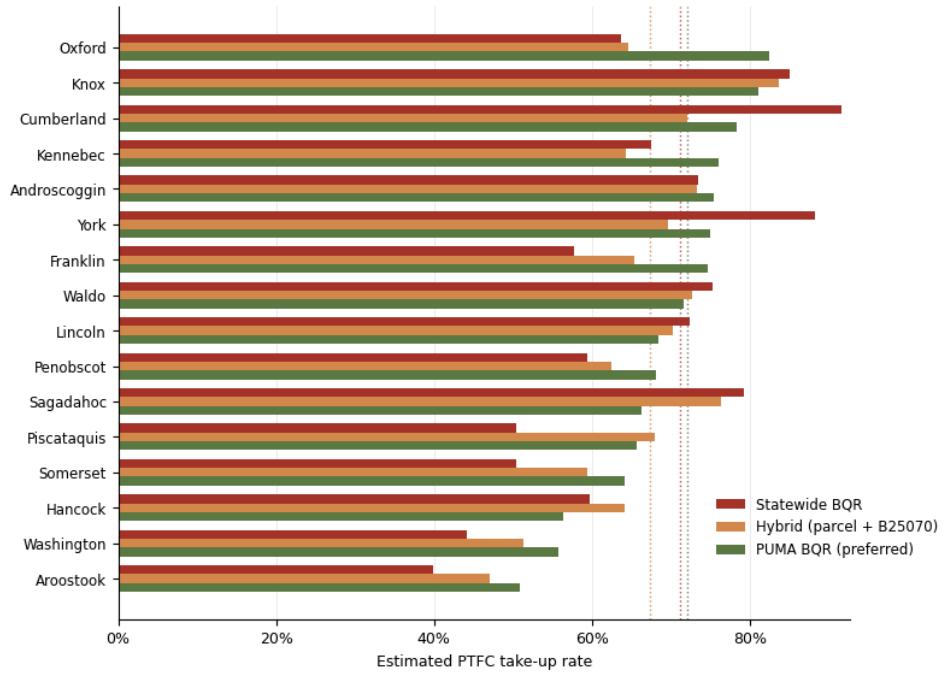
rent to gross rent varies by community. These biases are harder to quantify than those of the PUMA method.

Where Biases Are Most Pronounced

The biases described above are not uniform across municipality types:

- **High-income suburban municipalities**. The income-threshold error in the Statewide BQR is most severe in communities where a large share of households cluster just below $97,500 and are disproportionately single-filer households — such as university towns, retirement communities, and inner-ring suburbs. In these places, the correct single-filer threshold of $61,250 would exclude a meaningful share of households that the statewide method incorrectly treats as eligible. The PUMA BQR corrects for this by using PUMA-level filing-status distributions.
- **High-value coastal and lakeside communities**. Maine has a substantial second-home stock concentrated on the coast and in lake communities, including parts of Hancock, Knox, Lincoln, and York counties. All three methods potentially count some seasonal residents, but the parcel-based screening in the hybrid method — which relies on ATTOM's owner-occupancy determination — may handle this differently from the PUMS-based methods depending on how ATTOM classifies vacation properties. This creates some between-method divergence in these counties that does not necessarily reflect true differences in program eligibility.
- **Small and rural municipalities**. For municipalities with small populations, ACS 5-year estimates carry large margins of error. In particular, B19037 household counts in upper income bands may be unreliable for small towns, producing eligibility estimates that are either too high or too low. The effect on take-up rate estimates is unpredictable in direction but large in magnitude for individual small municipalities.

Figure A.3 Estimated PTFC take-up rate by county and estimation method



Source: ACS 2023 5-year B19037 (county subdivision level); PUMS 2023 5-year; Maine parcel data (ATTOM/REGRID); ACS B25070, B25118; MRS 2024 PTFC counts.
Dotted vertical lines show statewide take-up rate for each method. Take-up rates are capped at 100 %; capped municipalities reflect ACS sampling uncertainty rather than genuine over-claiming.

Preferred Measure

We use the PUMA BQR as our preferred estimate for two reasons.

First, it is internally consistent: all components — the income measure, the income-eligibility threshold, the burden-test variables, and the household counts — derive from the same ACS/PUMS survey framework. This consistency is important because the ACS self-reported tax and rent variables (TAXAMT and RNTP) correspond conceptually to the property taxes and rent that a claimant would report on Schedule PTFC/STFC: both are the householder's own account of what they pay, net of any adjustments the municipality may make. The hybrid method's use of municipal tax records introduces a different measurement concept that may not match self-reported values.

Second, its biases are transparent, quantifiable, and consistently directional. All known biases push toward overestimating the eligible population, which means the PUMA BQR take-up rate is a lower bound on the true take-up rate. The three biases (capital gains exclusion, primary-residence screening, non-filers) are documented in the literature on ACS income measurement and are not specific to this analysis.

Statewide, the three approaches produce estimates of 71.2% (Statewide BQR), 72.1% (PUMA BQR), and 67.4% (Hybrid). The close agreement between the Statewide and PUMA BQR methods — differing by

less than one percentage point — provides reassurance that the income-eligibility correction is not the dominant driver of uncertainty. The wider gap to the Hybrid reflects the additional overstatement from the parcel and gross-rent measurement issues described above. Given that all three methods are downward-biased, the true statewide take-up rate is likely modestly above 72%.

Municipalities Where Estimated Eligibles Fall Below Actual Participation

In a small number of municipalities, the estimated number of burden-eligible households is below the number of actual PTFC recipients. This occurs because ACS 5-year estimates for small populations carry substantial sampling uncertainty: a municipality with a true eligible population of, say, 40 households may have a B19037-based estimate of 30, producing an apparent take-up rate above 100%. This is a measurement artifact, not evidence of genuine over-claiming. We cap all municipality-level take-up rates at 100% in our reported outputs and flag the affected municipalities. This issue is more prevalent at the municipality level than at the county or state level, where aggregation across households reduces sampling noise.