Real Estate Property Tax Relief Task Force
Resolve 2025, chapter 108
Wednesday, November 4 at 10:00 a.m.
Room 126 (Transportation Committee Room)
State House, Augusta, ME

Agenda

10:00 am **Welcome**
Chairs, Senator Nicole Grohoski & Representative Ann Matlack

10:05 am **Follow up items from October 21, 2026, Task Force meeting**
- Review of draft recommendation language

10:30 am **Task Force discussion of PPI modeling results and possible recommendations related to changes to the Property Tax Fairness Credit and the Homestead Exemption**

12:00 pm ***Lunch***

1:00 pm **Continued Task Force discussion of PPI modeling results and possible recommendations related to changes to the Property Tax Fairness Credit and the Homestead Exemption**

2:00 pm **Task Force Discussion**
- Revenue sharing and service centers
- Municipal valuation practices
- Property Tax Deferral Program
- Current use program and exemption review
- Changes to the property tax system
  - Split-rate/split-roll
  - Large homestead exemption
  - Local option sales tax

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

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

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

DRAFT RECOMMENDATIONS TO DATE

REAL ESTATE PROPERTY TAX RELIEF TASK FORCE

Recommendation 1: Impact Fees

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

Recommendation 2: Service Charges

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

Recommendation 3: PILOTS

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

Recommendation 4: Property Tax Fairness Credit – bill information

If supported by a majority of the Task Force: A majority of the Task Force recommends that the Legislature provide funding for software upgrades to assist municipalities in including information regarding the Property Tax Fairness Credit with property taxpayer bills.

Recommendation 5: Property Tax Fairness Credit – Taxpayer advocate

If supported by a majority of the Task Force. A majority of the Task Force recommends that the Legislature's joint standing committee with jurisdiction over taxation matters ask the taxpayer advocate about their work on increasing uptake and education efforts for the Property Tax Fairness Credit and ask the taxpayer advocate to share suggestions for increasing uptake in the program. The Task Force also recommends that, if after discussing this information with the taxpayer advocate, the committee determines more regular information concerning program outreach and participation is required, the committee consider amending the requirements of the report due annually to the committee by the taxpayer advocate under Title 36, section 151-C to specifically include these efforts.

Prepared by the Office of Policy and Legal Analysis
For Task Force review - November 4, 2026

Recommendation 6: Local Government and School Auditing

If supported by a majority of the Task Force:

- A majority of the Task Force recommends that the joint standing committee of the Legislature with jurisdiction over local government matters review the audit [and financial reporting?] requirements applicable to municipalities and counties, to ensure that consistent standards and categories of revenue and spending are used to enable the development of trend information over time.
- A majority of the Task Force also recommends that the joint standing committee of the Legislature with jurisdiction over education matters review the audit [and financial reporting?] requirements applicable to school administrative units, to ensure that consistent standards and categories of revenue and spending are used to enable the development of trend information over time.

Recommendation 7: Regionalization

If supported by a majority of the Task Force: A majority of the Task Force recommends that the Legislature enact legislation to require the Maine Office of Community Affairs to provide to the joint standing committee of the Legislature with jurisdiction over local government matters an annual report that details programs and opportunities available to municipalities to share or regionalize municipal services that may reduce costs for participating municipalities.

Recommendation 8: Mandates

If supported by a majority of the Task Force: A majority of the Task Force recommends that the joint standing committee of the Legislature with jurisdiction over state and local government matters report out legislation modeled after LD 634, as amended in the 132nd Legislature, with language added to require the commission to review "underfunded" mandates and include in its list of mandates to the Legislature those mandates that the commission recommends that the Legislature fund. The Task Force also recommends that the commission consider whether there are mandated activities that could be regionalized or undertaken by the State to reduce municipal or county costs.

Recommendation 9: Property Tax Deferral Program

If supported by a majority of the Task Force: A majority of the Task force recommends amending the definition of homestead within the deferred collection of homestead property taxes program to, beginning January 1, 2028, remove the limit on the number of acres that may be included within a property tax deferral claim from 10 continuous acres to the entire parcel upon which the owner-occupied principal dwelling owned by the taxpayer is located.

DRAFT RECOMMENDATION REGARDING IMPACT FEES

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

Draft narrative for report

As a part of a discussion of municipal revenue sources, the Task Force members received information regarding the availability of impact fees under Title 30-A, section 4354. This section of law allows a municipality to adopt an ordinance to impose a charge or assessment against a new development to fund or recoup a portion of the cost of new, expanded or replacement infrastructure facilities necessitated by and attributable at least in part to the new development. Impact fees provide a mechanism by which municipalities may pay for infrastructure improvements that might otherwise be borne by property taxpayers. The Task Force learned that some municipalities have adopted impact fee ordinances and reviewed a few examples of impact fees imposed on new developments. Additionally, the Task Force discussed the results of a January 1, 2026, Department of Economic and Community Development report[1] regarding a working group review of the process for setting impact fees. The report noted that "[n]o state agency or partner organization is tracking municipal adoption of impact fee ordinance;" however, "a review of available ordinances suggest the number is in the double digits." Among other recommendations, the working group recommended that a state agency or partner organization establish an inventory of municipalities across the state that have adopted impact fee ordinances. The Task Force discussed the value of impact fees in shifting the burden of new or upgraded infrastructure from municipal property taxpayers to the developer needing the infrastructure and considered whether additional technical assistance would facilitate greater adoption of such ordinances. The Maine Office of Community Affairs participated in the working group and the Task Force learned that the office is engaged in several assistance efforts related to impact fees including updating a technical assistance manual for municipalities and developing training materials. The members generally agreed that this should be an optional tool available to municipalities, but several members commented that collecting data regarding the usage of impact fees was an appropriate recommendation. The members discussed what mechanism might be appropriate for gathering municipal data, noting that a state agency such as the Maine Office of Community Affairs would likely need financial assistance to take on such a project. Municipalities report data to Maine Revenue Services on an annual basis through the Municipal Valuation Return (MVR); however, it was noted that using the MVR to collect data like this would also likely pose challenges due to coding changes and testing that would be necessary.

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

DRAFT LEGISLATION TO
AMEND THE LAWS RELATED TO MUNICIPAL SERVICE CHARGES

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

§508. Service charges

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

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

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

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

DRAFT

SUMMARY

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

Prepared by the Office of Policy and Legal Analysis
Provided to Task Force on October 21, 2026

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

Draft narrative for report

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

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

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

Sec. 1. 36 MRSA §271, sub-§2, ¶A, as amended by PL 2019, c. 401, Pt. A, §4, is further amended by amending subparagraph (8) to read:

(8) Section 209; ~~and~~

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

(9) As provided in section 6251, subsection 6; and

Sec. 3. 36 MRSA §271, sub-§2, ¶A, as amended by PL 2019, c. 401, Pt. A, §4, is further amended by enacting a new subparagraph (10) to read:

(10) Section 662;

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

§662. Payments in lieu of taxes

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

SUMMARY

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

Prepared by the Office of Policy and Legal Analysis
For Task Force consideration November 4, 2026

DRAFT

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

Draft narrative for report

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

DRAFT

DRAFT RECOMMENDATION
REGARDING THE PROPERTY TAX FAIRNESS CREDIT

If supported by a majority of the Task Force: A majority of the Task Force recommends that the Legislature provide funding for software upgrades to assist municipalities in including information regarding the Property Tax Fairness Credit with property taxpayer bills.

Draft narrative for report

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

DRAFT

Prepared by the Office of Policy and Legal Analysis
For Task Force consideration November 4, 2026

DRAFT RECOMMENDATION
RELATED TO THE TAXPAYER ADVOCATE AND EXPERIENCE OFFICER

If supported by a majority of the Task Force: A majority of the Task Force recommends that the Legislature's joint standing committee with jurisdiction over taxation matters ask the taxpayer advocate about their work on increasing uptake and education efforts for the Property Tax Fairness Credit and ask the taxpayer advocate to share suggestions for increasing uptake in the program. The Task Force also recommends that, if after discussing this information with the taxpayer advocate, the committee determines more regular information concerning program outreach and participation is required, the committee consider amending the requirements of the report due annually to the committee by the taxpayer advocate under Title 36, section 151-C to specifically include these efforts.

Draft narrative for report

Over the course of Task Force meetings in both 2025 and 2026, members agreed that the Property Tax Fairness Credit program is the best tool in the State's current property tax relief toolbox to reach those property taxpayers and renters who are the most in need of property tax relief. Members also heard repeatedly throughout their meetings, including during presentations on similar programs in other states and within the data included as a part of Progress and Poverty Institute's research and analysis, that the number of individuals taking advantage of and receiving the Property Tax Fairness Credit is lower than the number of individuals who are likely eligible for the program. One common reason cited for this is that many individuals who may be eligible for the income tax credit do not have to file an income tax return and therefore may not be aware of the program and are not receiving the credit. Members heard that increasing program participation by eligible property taxpayers and renters may require more educational outreach about the program to reach potentially eligible individuals. Additionally, at the Task Force's October 21, 2026, meeting task force members heard from representatives of Maine Revenue Services that increasing awareness of the property tax fairness credit is a priority of the taxpayer advocate.

DRAFT

DRAFT RECOMMENDATION
REGARDING GOVERNMENTAL AND SCHOOL AUDITING

If supported by a majority of the Task Force: A majority of the Task Force recommends that the joint standing committee of the Legislature with jurisdiction over local government matters review the audit [and financial reporting?] requirements applicable to municipalities and counties, to ensure that consistent standards and categories of revenue and spending are used to enable the development of trend information over time.

If supported by a majority of the Task Force: A majority of the Task Force also recommends that the joint standing committee of the Legislature with jurisdiction over education matters review the audit [and financial reporting?] requirements applicable to school administrative units, to ensure that consistent standards and categories of revenue and spending are used to enable the development of trend information over time.

Draft narrative for report

At several Task Force meetings in 2026, concerns were raised regarding the variability in how financial data is reported in audits for municipalities and counties. As municipal and county budgets are significant drivers of property tax bills, there was interest in being able to identify trend information over time; however, that would require the use of consistent categories of revenue and spending. At the request of Task Force members, staff presented information regarding the current requirements for municipal and county financial audits. Members also requested information regarding school financial audits, as education costs are the largest component of property tax bills. The members learned that annual audits are required for municipalities, counties, and school administrative units. Additionally, PPI provided data comparing property tax costs to inflation; the data showed that Maine's property tax commitment outran inflation during 2024 – 2025. The members discussed the importance of understanding how property taxpayer funds are being spent but noted that they may not have sufficient information to make specific suggestions regarding current [financial reporting and] auditing standards. A majority of the Task Force members determined that a broader recommendation to the appropriate joint standing committees to consider the issue and establish greater standardization would be a good first step.

DRAFT

DRAFT LEGISLATION TO
REQUIRE MOCA TO REPORT ON REGIONALIZATION EFFORTS

Sec. 1. 5 MRSA §3204, sub-§2, ¶E is amended to read:

E. Administer contracts with regional councils and regional planning and development districts to provide technical assistance and resources to municipalities and tribal governments on issues related to planning, climate resilience and development, including but not limited to land use planning, planning for housing and other residential development, climate resilience planning and related infrastructure planning, building codes and other forms of local development assistance to support state, regional and local goals; ~~and~~

Sec. 2. 5 MRSA §3204, sub-§2, ¶F is amended to read:

F. Consult with and provide ongoing coordination with state agencies on programs and issues related to planning technical assistance and funding to communities in this State, including but not limited to the Department of Transportation; Department of Environmental Protection; Department of Marine Resources; Department of Inland Fisheries and Wildlife; Department of Agriculture, Conservation and Forestry; Department of Economic and Community Development; Department of Health and Human Services; Department of Defense, Veterans and Emergency Management, Maine Emergency Management Agency; Department of Public Safety; Department of Energy Resources; Maine State Housing Authority; Efficiency Maine Trust; the Maine Historic Preservation Commission; and the Maine Redevelopment Land Bank Authority~~.~~; and

Sec. 3. 5 MRSA §3204, sub-§2, ¶G is enacted to read:

G. Annually, beginning January 15, 2028, submit to the joint standing committee of the Legislature having jurisdiction over local government matters a report that details programs in which the office is involved that allow municipalities to share or regionalize municipal services that may reduce costs for participating municipalities. The office shall include in the report any opportunities or recommendations it identifies for the sharing or regionalization of municipal services. The joint standing committee may report out a bill related to the contents of the report.

SUMMARY

This bill requires the Maine Office of Community Affairs, beginning January 15, 2028, and annually thereafter, to submit to the joint standing committee of the Legislature having jurisdiction over local government matters a report that details programs and opportunities available to municipalities to share or regionalize municipal services that may reduce costs for participating municipalities.

Prepared by the Office of Policy and Legal Analysis
For Task Force consideration November 4, 2026

If supported by a majority of the Task Force: A majority of the Task Force recommends that the Legislature enact legislation to require the Maine Office of Community Affairs to provide to the joint standing committee of the Legislature with jurisdiction over local government matters an annual report that details programs and opportunities available to municipalities to share or regionalize municipal services that may reduce costs for participating municipalities.

Draft narrative for report

The Maine Office of Community Affairs (MOCA) presented to the Task Force at the September 29th meeting. The members learned that MOCA is engaged in several regionalization efforts, including programs related to building code enforcement, regional resilience coordinators, and floodplain management.

Members expressed an interest in tracking the progress and programs that MOCA administers that help municipalities utilize regionalization and therefore recommend an annual report to the Legislature that keeps legislators abreast of developments in the area of regionalization.

DRAFT

Prepared by the Office of Policy and Legal Analysis
For Task Force consideration November 4, 2026

DRAFT LEGISLATION TO
AMEND THE LAWS RELATED TO THE DEFERRED COLLECTION OF HOMESTEAD PROPERTY TAXES

Sec. 1. 36 MRSA §6250, sub-§3 is amended to read:

3. Homestead. For applications filed prior to January 1, 2028, ~~"Homestead"~~ "homestead" means the owner-occupied principal dwelling owned by the taxpayer and up to 10 contiguous acres upon which it is located. If the homestead is located in a multi-unit building, the homestead is the portion of the building actually used as the principal dwelling and its percentage of the value of the common elements and of the value of the tax lot upon which it is built. The percentage is the value of the unit consisting of the principal dwelling compared to the total value of the building exclusive of the common elements, if any. "Homestead" includes the taxpayer-occupied principal dwelling and up to 10 contiguous acres upon which it is located that is held in a revocable living trust for the benefit of the taxpayer. For applications filed on or after January 1, 2028, "homestead" means the owner-occupied principal dwelling owned by the taxpayer and the parcel upon which it is located. If the homestead is located in a multi-unit building, the homestead is the portion of the building actually used as the principal dwelling and its percentage of the value of the common elements and of the value of the tax lot upon which it is built. The percentage is the value of the unit consisting of the principal dwelling compared to the total value of the building exclusive of the common elements, if any. "Homestead" includes the taxpayer-occupied principal dwelling and the parcel upon which it is located that is held in a revocable living trust for the benefit of the taxpayer.

Sec. 2. 36 MRSA §6251, sub-§1-A is enacted to read:

1-A. Filing expanded claim. Beginning January 1, 2028, and subject to section 6252, a taxpayer who has claimed deferral of property taxes prior to January 1, 2028, may apply to defer property taxes on any portion of the parcel of land upon which the owner-occupied principal dwelling owned by the taxpayer is located that was not included as part of that taxpayer's claimed deferral of property taxes prior to January 1, 2028. Claims for expanded deferral under this subsection must be filed with the municipal assessor after January 1st but no later than April 1st of the year in which expanded deferral is claimed and the taxpayer must continue to meet the requirements under subsection 1, paragraphs A through D. The municipal assessor shall forward each claim filed under this subsection to the bureau within 30 days of receipt and the bureau shall determine if the property is eligible for expanded deferral under this subsection. Claims must be filed on a form approved by the State Tax Assessor and must include all information requested by the State Tax Assessor.

DRAFT

Prepared by the Office of Policy and Legal Analysis
For Task Force consideration November 4, 2026

Sec. 3. Notice of expanded eligibility; current program participants. In the annual deferral notice sent on or before December 15, 2027, in accordance with the Maine Revised Statutes, Title 36, section 6258, the bureau shall include information regarding the expanded program eligibility to each taxpayer who has claimed deferral of property taxes for the current tax year within the program. The notice must include the definition of homestead applicable to applications filed on or after January 1, 2028, and explain that the taxpayer may file for an expanded claim of property tax deferral as provided in Title 36, section 6251, subsection 1-A for any portion of the parcel of land upon which the owner-occupied principal dwelling owned by the taxpayer is located that was not included as part of that taxpayer's claimed deferral of property taxes prior to January 1, 2028.

SUMMARY

This bill, beginning January 1, 2028, removes from the definition of homestead within the deferred collection of homestead property taxes program the limit on the number of acres that may be included within a property tax deferral claim from 10 contiguous acres to the parcel upon which the owner-occupied principal dwelling owned by the taxpayer is located. It also provides for a current taxpayer who has claimed deferral of property taxes prior to January 1, 2028, to file a claim for expanded deferral under the new definition of homestead. On or before December 15, 2027, the bureau is required to notify taxpayers who have claimed deferral of property taxes for the current y tax year in the annual deferral notice of the revised program definition and the taxpayer's option to file an expanded claim of property tax deferral for any portion of the parcel of land upon which the owner-occupied principal dwelling owned by the taxpayer is located that was not included as part of that taxpayer's claimed deferral of property taxes prior to January 1, 2028.

DRAFT

Prepared by the Office of Policy and Legal Analysis
For Task Force consideration November 4, 2026

Real Estate Property Tax Relief Task Force
Proposed Recommendations and Comments
Submitted by Task Force Members

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  - Kathleen Billings

II. MUNICIPAL VALUATION PRACTICES ..... PAGE 2
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  - Ed Gardner
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III. PROPERTY TAX DEFERRAL PROGRAM ..... PAGE 5
- See proposed recommendations/comments submitted by:
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  - Ed Gardner

IV. CURRENT USE AND EXEMPTION REVIEW ..... PAGE 8
- See proposed recommendations/comments submitted by:
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- See proposed recommendations/comments submitted by:
  - Senator Grohoski
  - Kathleen Billings

I. REVENUE SHARING AND SERVICE CENTERS

- **From Ed Gardner:**

  Revenue Sharing and Service Centers
  In my opinion, what I know about revenue sharing and service centers, is that we should be careful not to cut revenue sharing too much. Scenario 15 seems to be the best scenario for this. If we do cut revenue sharing too much, does that lost revenue have to then be made up somewhere else as to not lose the services that they provide to Maine communities?

- **From Kathleen Billings:**

  Revenue Sharing
  *It is important to remember that Revenue Sharing doesn't really fall in the same "tax relief" bucket as the other programs. Revenue Sharing is an integral part of the state-local partnership and recognition for the state policy tasks that are delivered at the local level. This funding reduces the TOTAL tax burden and benefits ALL taxpayers, including businesses and renters, by reducing the total commitment.

  *If the task force feels service centers should receive additional funds for the expanded services they provide, perhaps the revenue sharing % should be increased. Do some modeling to see how Rev 1 & 2 would be impacted by an increase to 6% AND model an additional Rev 3 of the additional 1% exclusively for the service centers.

  *A review of the model for determining the 4 levels of service center might help narrow down which communities truly need additional assistance and a more frequent review of that list would more accurately indicate who should be receiving the funds.

II. MUNICIPAL VALUATION PRACTICES

- **From Senator Grohoski:** *see next page*

- **From Ed Gardner:**

  COVID-19 has increased property values significantly since 2020. But as we are seeing in the current real estate market, those prices and values are declining. I'm not sure where they will level off to, but I think that municipalities should be careful and not to keep increasing the evaluations as we have seen in the past five years.

- **From Kerry Leichtman:**

  Increase MRS oversight of assessing standards
  - 70-110% ratio standard should be 90-110
  - Revaluations or statistical updates are required every 3, 5 or 7 years
  - real penalties for non-compliance

- **From Kathleen Billings:**

  *A review of the model for determining the 4 levels of service center might help narrow down which communities truly need additional assistance and a more frequent review of that list would more accurately indicate who should be receiving the funds.

  *Direct MRS to provide training for more frequent statistical updates and consider requiring the training and the updates (with a start date certain that can allow for municipalities with less capacity to make plans needed to implement the change). Training should be at no cost to the assessors and available via multiple methods (in-person, online, etc…).

Laxon, Lindsay

Subject: RE: Assessing practice recommendations

From: Grohoski, Nicole <Nicole.Grohoski@legislature.maine.gov>
Sent: Thursday, October 22, 2026 1:03 PM
To: Laxon, Lindsay <Lindsay.Laxon@legislature.maine.gov>; Olson, Rachel <Rachel.Olson@legislature.maine.gov>; Langlin, Steven <Steven.Langlin@legislature.maine.gov>; Griswold, Jessica <Jessica.Griswold@legislature.maine.gov>
Subject: Assessing practice recommendations

Hi! Can you distribute my outline below for recommendations regarding assessing practices to the full task force (bcc'd)? Thanks!

Folks can send me feedback if they like. I developed this by looking at what other states do, but I haven't yet talked with other stakeholders about it (some questions are flagged) and recognize that I lack expertise in this area!

- Update statute about minimum assessing standards (Title 36, Section 327)
  - Certified Ratio: 70-110% is out of date; international org. now recommending 90-110%.
  - VT uses a "coefficient of dispersion" which measures the uniformity of appraisal. Municipalities must reappraise if it exceeds 20%.
    - Add this requirement, if we don't have a similar metric being used. Consider if it should replace the ratio standard or be used in tandem.
      - Maine law has a "Maximum rating of assessment quality," which is currently set at 20.
        - Is this the same idea as VT's standard?
        - Is it being tracked? (It's not in the MVR)
  - Phase in a statistical update requirement
    - RI requires full reval within 10 years, and a statistical update every 3 years.
  - Title 36, section 328(7) requires physical inspection and inventory of each real parcel and personal property account at least every 4 years.
    - Do we need to explicitly allow image technology to make some of this work more efficient?
- Carrot: Financial support
  - State pays some/all of the cost to get all towns into compliance (MMA)
    - CT (5 years) and NY (4 years) have grants for completing assessments
    - NY payment is fixed amount per parcel. Consider how to keep the costs competitive, so that firms don't charge more because state is now paying.
  - For towns that have recently completed reval, State provides technical and financial support to keep it up-to-date (MMA / PPI)
    - Training or grants for software licenses/upgrades
    - State-based aerial photograph access
  - Pay for this out of Revenue Sharing funds
    - Ballpark: At price of $50 per person (estimate from PPI scatterplot), that's $7M per year for a 10-year frequency

        - Is there any work that is done as part of the State Valuation process that could be shared with municipalities to help their revaluations?
    - Phase-in of assessment increases
        - CT lets towns phase-in increases, minimum 20% per year; LA phases in homestead increases over 4 years
            - Does ME Constitution constrain options?
    - Stick: Penalty for not reporting current revaluation status
        - MVR valuation reporting has 140 "no record" towns (27.3% of population)
            - Require towns to report status for next MVR report. If noncompliant, lose an amount of Rev I funding
    - Stick: Penalties for noncompliance, after 5 years that the above financial supports have been in place, there is no contract with an assessing firm
        - MRS can currently require municipality to take steps to improve assessing practices
            - Doesn't sound like this tool is used
            - Doesn't appear to have a penalty for noncompliance
            - Give MRS authority to do reval for a municipality (in-house or via contract)
        - Current sticks: tree growth reimbursement and homestead exemption
            - Remove and replace with Rev I losses
            - Consider relating to frequency requirements (10 years) and/or maximum rating of quality assessment, instead of certified ratio
    - Ongoing review: To ensure the above policy changes are working and to capture feedback on how to improve them:
        - Task MOCA with convening working group of assessors, town management folks, and MRS to share best practices and generate proposals for improved assessing outcomes, including tracking workforce concerns.

=-=

Nicole Grohoski, Senator (she/her)
District 7: Most of Hancock County
Passamaquoddy & Penobscot Aboriginal Homeland
PO Box 1732, Ellsworth, ME 04605
207.358.8333

Please be advised that anything sent to me in my capacity as a legislator may become a matter of public record, per the Maine Freedom of Access Act, www.maine.gov/foaa/, which means that other people can ask to read these messages.

III. PROPERTY TAX DEFERRAL PROGRAM

- **From Senator Grohoski:** *see next page*

- **From Ed Gardner:**

  I think that this program is a lifesaver for seniors that get into a jam with their current income status. A health situation could greatly impact their ability to pay their taxes. Whereas some of the limits could be looked at to be changed over time, I would certainly want to see this kept in place.

Property Tax Deferral Program proposed changes

Submitted by Sen. Nicole Grohoski, 11/2/26

- January 1, 2028 - date to implement the new changes.
- Remove the acreage cap and use the term "parcel" to describe the land portion within the homestead definition.
    - Allow properties with larger acreages to add remaining acreage PT's to the lien going forward, but the homeowner will have to opt into this with MRS
- Interest rate options:
    - Start with delinquent tax rate (set by State Treasurer), then half it
    - Do not otherwise adjust how the interest rate is applied
- Remove liquid asset limit
- Open the enrollment to year-round, but keep April 1 as date to enter the program for that PT year
- Having a municipal lien (e.g., sewer/water) does not make a property ineligible, nor does accruing new municipal liens.
- Increasing programmatic visibility by requiring municipalities to include information developed by MRS about the *Property Tax Deferral Program* (including that two years of back taxes can be covered) with each notice mailed to delinquent taxpayers; state to fund if municipalities ask.
- Include language below from LSME about escrow in Title 36
    - Add a cross-reference in Title 9/A to the newly created language in Title 36 to put lenders/servicers on notice of the need to allow mortgage holders to deduct the deferral amounts.
- By Jan 30, 2032, MRS to report to Legislature on annual uptake trends since program reinitiation and any other observations about improving the program
    - Committee authorized to report out bill

Proposed Language Submitted by Hanna Sanders, Esq., Legal Services for Maine Elders

Title 36 §6264. Limitations

Nothing in this chapter is intended to or may be construed to:

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

2. Benefited property.

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

4. Exclusions. Limit the revision of an escrow or other holding account to reflect homestead property tax payments made by the bureau to the municipality.

Title 36 §6265. Prohibitions and Adjustments

1. Deed or contract clauses preventing ~~application for~~ deferral prohibited; clauses void. ~~After the effective date of this chapter, I~~ It shall be unlawful for any mortgage trust deed or land sale contract to contain a clause or statement that prohibits the owner from applying for or receiving the benefits of the deferral of homestead property taxes provided in this chapter. Any such clause or statement in a mortgage trust deed or land sale contract executed after the effective date of this chapter shall be void.

2. Escrow account adjustment required. A mortgage or prior lien holder must timely adjust the owner's escrow account to reflect homestead property tax payments made by the bureau to the municipality.

IV. CURRENT USE AND EXEMPTION REVIEW

- **From Kerry Leichtman:** *see next pages*

- **From Ed Gardner:**

  Tree growth, farmland, open space, working waterfront exemptions seemed like they are all working fine as is. We should certainly be expanding the Homestead exemption program as noted in the five scenarios that we are working through. It seems like the blind exemption should follow the Veteran Exemption as it seems a bit low for a like kind, disabled person.

- **From Kathleen Billings:**

  *Suggest an annual, rolling review of programs like the RTKAC's annual review of FOAA exceptions.

Current Use and Exemptions, Assessing practices, property tax system changes
Recommendations and Discussion Topics
Kerry Leichtman, 10/4/2026

Current Use

- Broad change to all current use programs
    - Add a Maine residency requirement for participation
        - offer 12-month period in which current non-resident participants can exit penalty free or become Maine residents
    - Do not permit participants of one program to transfer into another program for the purpose of avoiding having to pay a withdrawal penalty. They can change programs after paying the fine
- Then, more specific program changes, the purpose of which is to eliminate abuses in the programs
    - Farmland
        - increase gross income requirement. Consider raising the minimum to $10,000, $15,000 or $20,000
        - do not allow consumed farm products to count towards income total
        - eliminate Farmland tree growth
        - eliminate contiguous land rule where individual parcels of less than five acres can be admitted into the program if they are contiguous with one 5 acres parcel
        - require MRS and Ag Dept to follow 36 MRS §1119 in which they are required to develop guidelines of suggested acreage value ranges for all categories of permitted farm products
        - Clarify the specifics of how often property owners need to report income. Statute is unclear
        - 1040F should be the only acceptable income evidence
        - The one of two and three of five year income requirement should only apply to blueberry crops
        - There should be an allowance for a farmer's temporary infirmity.
    - Tree Growth:
        - increase minimum acreage
        - allow assessors to keep plans on file
        - assessors can return plans to foresters for clarification

- assessors can reject plans
- require that harvested trees be processed at Maine facilities
- land on which trees may not be harvested are ineligible for the TG program (i.e. shoreland zones)
- land whose terrain or other physical features make harvesting exceedingly difficult, impossible or impractical are not eligible for the TG program

- Open Space
  - require carbon sequestration as the primary goal in managed forest category
  - tighten and more precisely define public benefits list
  - Valuation reductions
    - Permanently Protected Open Space: A 30% discount in which conservation rights are deeded to a conservation organization
    - Carbon Managed Open Space: A 30% discount requiring an approval Forest Management Plan the goal of which is to maximize carbon storage
    - Public Access Open Space: A 30% discount for allowing public access. Public Access open Space.
    - Any single category can be added to one or both of the other categories

- **Exemptions**
  - create Schools category and define what kind of schools are exempt
    - public schools and accredited private schools are exempt
    - schools for professional development and hobbies are not
  - consider changes to religious exemption
    - exempt land under churches and their parking lots. All other land is taxable
  - eliminate exemption for equipment leased to hospitals

  - review benevolent and charitable guidelines. Suggested changes:
    - First line of 36 MRS §652.1.A: The real estate and personal property ~~owned and occupied or used solely~~ owned, occupied and used solely for their own purposes by incorporated benevolent and charitable institutions are exempt from taxation.
    - First line of 36 MRS §652.1.B: The real estate and personal property ~~owned and occupied or used solely~~ owned, occupied and used solely for their own purposes by literary and scientific institutions are exempt from taxation.
    - First line of 36 MRS §653.F: The real estate and personal property ~~owned and occupied or used solely~~ owned, occupied and used solely for their own purposes by central labor councils, chambers of commerce or boards of trade in this State are exempt from taxation.
    - J. ~~The real and personal property owned by one or more of the organizations in paragraphs A and B and E to H and occupied or used solely for their own purposes by one or more other such organizations are exempt from taxation.~~ The real and personal property owned, occupied and used solely for their own purposes by one or more of the organizations in paragraphs A and B and E to H are exempt from taxation.
    - K. ~~Except as otherwise provided in this subsection, the real and personal property leased by and occupied or used solely for its own purposes by an incorporated benevolent and charitable organization that is exempt from taxation under~~

~~section 501 of the Code and the primary purpose of which is the operation of a hospital licensed by the Department of Health and Human Services, a health maintenance organization or a blood bank are exempt from taxation. For property tax years beginning on or after April 1, 2012, the exemption provided by this paragraph does not include real property.~~ Except as otherwise provided in this subsection, no property leased by an incorporated benevolent and charitable organization that is exempt from taxation under section 501 of the Code is eligible for exemption from taxation.

- **Sec. 2. 36 MRSA §652, sub-§1-A is enacted to read:**
    - **1-A. Taxation of property otherwise exempt under subsection 1.** Notwithstanding subsection 1, beginning April 1, 2027, all real and personal property that is described in subsection 1 and that would otherwise be exempt from taxation under subsection 1 is taxable based on the following percentages of just value:
    - A. For the property tax year beginning April 1, 2027, 10% of just value;
    - B. For the property tax year beginning April 1, 2028, 20% of just value;
    - C. For the property tax year beginning April 1, 2029, 30% of just value;
    - D. For the property tax year beginning April 1, 2030, 40% of just value; and
    - E. For property tax years beginning on or after April 1, 2031, 50% of just value.
- **Sec. 3. Legislative intent.**
- It is the intent of the Legislature that eligibility for a property tax exemption under the Maine Revised Statutes, Title 36, section 652 requires actual ownership, physical occupancy and exclusive use of the property by the organization claiming the exemption, and that exemptions under that section be strictly limited to property that clearly meets those requirements.

V. CHANGES TO THE PROPERTY TAX SYSTEM

- **From Ed Gardner:**

  - Split-rate/split-roll

    We are currently not using the split rate method, and I don't think it's a great idea to tax commercial properties higher than residential. Commercial properties have their own and unique challenges that shouldn't be penalized as they do support jobs and economy for Maine.

    I do see in towns in Cumberland County that the split role method is being used, where property values and structure values have their own tax line. This may want to be further considered as you could have a mansion on a very small lot or a shack on a beautiful oceanfront property. These unique situations may want to be called out.

  - Large homestead exemption

    In the five scenarios that the committee is working on, we are currently looking at larger Homestead, exemptions for homeowners. I still think that this exemption is a good one for taxpayers. Increasing them, will certainly help Maine homeowners.

  - Local option sales tax

    I have always liked parts of the local option sales tax ideas that had presented over the years, and I feel bad that this has been defeated. Perhaps a special committee could take on this task and effectively recommend scenarios that could really help our local communities. There have been so many good presentations on this topic, but it seems complicated to pass.

- **From Kerry Leichtman:**

  Split tax rate Constitutional amendment
  - possible splits
    - homestead properties : non-homestead (recommended)
      - with allowances made for family camps
    - commercial : residential

VI. ADDITIONAL TOPICS AND COMMENTS

- **From Senator Grohoski:**

  The Task Force recommends that future Legislatures work with the Taxpayer Advocate to determine what additional resources are needed for sufficient outreach to ensure Mainers know about available property tax relief programs, and that the Legislature consider providing those resources.

- **From Senator Grohoski:** *see next page*

- **From Kathleen Billings:**

  With respect to rearranging existing funds to better address individual taxpayer level relief, the legislature will need to address the disconnect between receiving increased property tax relief and a taxpayer using those funds to pay their taxes. How will the municipalities be protected if taxpayers don't direct their relief to their tax burdens?

Municipal Revenue Sources Proposal

Submitted by Sen. Nicole Grohoski, 11/2/26

Proposed language:

> Because municipalities have limited revenue sources beyond the property tax to pay for increasingly expensive services, the Task Force recommends that the next Legislature consider expanding revenue-generating opportunities, including via a local option lodging tax, broadening service charge applicability, and support for municipalities to implement impact fees.

How it could fit in to the report:

This recommendation would cover the broad category of expanding municipal revenue sources, with the Task Force's specific service charge and impact fee recommendations nested underneath it.

Brief background information about Local Option Lodging Taxes:

Maine is one of only three states that does not allow any local lodging taxes[1] to help alleviate the property tax burden and ensure municipalities can effectively maintain the infrastructure and services visitors rely on.

Maine's lodging tax is currently 9%. Among the 150 largest U.S. cities, combined state and local lodging taxes range from 8.0% to 20.5%. Only one of those 150 cities (Fontana, CA) has a lower tax rate than 9% (at 8.0%).[2]

Several peer-reviewed studies of U.S. lodging tax increases found little or no measurable effect on destination performance, particularly for leisure (transient) travelers.[3]

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[1] https://taxfoundation.org/research/all/state/local-tourism-taxes/
CT has a state-only lodging tax of 15%; NH has a state-only lodging tax of 8.5%. RI has a statewide local hotel tax of 2% that it redistributes to the host locality (for a total of 14% lodging tax).

[2] https://www.hvs.com/article/10586-2026-hvs-lodging-tax-report-usa

[3] Bonham, Fujii, Im & Mak (1992). "The Impact of the Hotel Room Tax: An Interrupted Time Series Approach," National Tax Journal. https://www.journals.uchicago.edu/doi/10.1086/NTJ41788983

Hudson, Meng, So, Smith, Li & Qi (2021). "The effect of lodging tax increases on US destinations," Tourism Economics. https://journals.sagepub.com/doi/abs/10.1177/1354816619890752

Sharma, Perdue & Nicolau (2022). "The Effect of Lodging Taxes on the Performance of US Hotels," Journal of Travel Research. https://journals.sagepub.com/doi/10.1177/0047287520971044

Real Estate Property Tax Relief Task Force

Public Comment Received Since Last Task Force Meeting

November 4, 2026

Laxon, Lindsay

From: Jamie Garvin <jgarvin@gpcog.org>
Sent: Wednesday, October 28, 2026 10:04 AM
To: RE Property Tax Relief Task Force
Cc: Morelli, Scott; Roy, Joseph; Karin Orenstein; Jonathan Sahrbeck; Hall, Tom; Jordan, Penelope; Elizabeth Scifres; Berry, Andrea; Poirier, Thomas; Sessions, Nathan; Tashia Pinkham; Amanda Campbell; Kristina Egan; Tony Plante; Paul Johnson; Belinda Ray; Sayre, Daniel
Subject: GPCOG Memo: Including Regional Revenue Sharing and Addressing Cost Drivers in the Task Force's Final Report
Attachments: GPCOG Memo - Including Regional Revenue Sharing and Addressing Cost Drivers in the Task Force's Final Report - FINAL.pdf

This message originates from outside the Maine Legislature.

Senator Grohoski, Representative Matlack, and Members of the Real Estate Property Tax Relief Task Force,

On behalf of the Greater Portland Council of Governments, thank you for your work on this complex issue. First, we want to be clear about our support. GPCOG strongly endorses the recommendations from your interim report, and the direction being signaled at recent meetings for what is anticipated to be in the final report next month. We are grateful for the work of the Task Force, and the analysis from the Progress and Poverty Institute (PPI), in developing them. The new solutions and enhancements to existing programs, including the Property Tax Fairness Credit, will deliver real and much-needed relief to individual taxpayers. We urge the Task Force to adopt them.

Our concern is what the work leaves unaddressed. Relief programs ease the bill for the taxpayer, but they do not change the position municipalities are in. Two issues deserve more attention in the final report:

- Municipalities have few revenue sources beyond the property tax to pay for increasingly expensive services.
- Education, health care, county jails, and regional social services are major cost drivers that should be shared more broadly by the State.

Attached is a memo covering both in detail, including our updated proposal for regionally shared revenue from an increase to the state sales tax and companion household supplement. We urge the Task Force to consider including this proposal in your recommendations and would welcome the opportunity to discuss it with you or present updated figures before the report is adopted.

Thank you again for your service and your consideration.

Sincerely,

Jamie Garvin
Director of Community Affairs
Greater Portland Council of Governments

207 712 3232
jgarvin@gpcog.org
www.gpcog.org
970 Baxter Boulevard, Suite 201, Portland, ME 04103

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GPCOG
GREATER PORTLAND
COUNCIL OF GOVERNMENTS

TO: Senator Nicole Grohoski and Representative Ann Matlack, Chairs, and Members, Real Estate Property Tax Relief Task Force

FROM: Scott Morelli, South Portland City Manager and Chair, GPCOG Property Tax Policy Working Group
Joe Roy, Chair, Durham Select Board
Jamie Garvin, Director of Community Affairs, Greater Portland Council of Governments (GPCOG)

DATE: October 28, 2026

RE: Including regional revenue sharing and addressing cost drivers in the Task Force's final report

---

Our request

GPCOG respectfully asks the Task Force to include in its final report a recommendation that the 133rd Legislature consider regional revenue-sharing legislation: a 1% increase on sales, meals, and lodging, with the new revenue shared between the communities that generate it and the region around them. The proposal has changed substantially since we first brought it to you. Its most important addition is a dedicated, refundable household supplement that directly answers the concern that a sales tax falls hardest on low- and moderate-income residents and renters.

We make this request with gratitude for the Task Force's work. We support the draft recommendations now before you, and we ask that the final report also press the Legislature to act on the four cost drivers that fall hardest on the property tax: education, health care, county jails, and regional social services.

The proposal in brief

A 1% add-on to the existing taxable sales-and-use base, including meals and lodging, would generate roughly $285 million a year for municipalities statewide, modeled as property tax that communities would not have to levy.

- **65% stays local.** The municipality where a sale occurs retains it.
- **35% is shared regionally.** It is pooled within each county and distributed by population, with a floor and a cap so that smaller communities receive meaningful amounts.
- **Nearly every community benefits.** In GPCOG's statewide modeling, 525 of 529 communities receive revenue, and about three in four receive more than they generate.
- **A separate household supplement.** About $81 million a year is returned directly to lower- and moderate-income households as a refundable credit (described below).

The concept came from municipal practitioners. GPCOG convened elected and appointed officials from small and large communities to find a revenue tool that could solve both the math and the politics. Past local-option sales tax proposals failed because they created clear winners and losers between service centers and smaller towns. Regional sharing is designed to remove that split.

How the proposal has evolved

When GPCOG first brought this concept to the Task Force, it was a municipal revenue-sharing formula. Since then, we have listened to the concerns raised by Task Force members, the Maine Center for Economic Policy (MECEP), and others, and rebuilt the proposal around them.

Question	Original proposal	Current proposal
Who gets relief?	Municipalities only	Municipalities **and** households, through a dedicated refundable supplement
Regressivity	Not directly addressed	Every modeled income tier below $75,000 comes out ahead on the sales tax alone
Renters	Benefit only indirectly, if at all	Same supplement as homeowners at the same income
Who bears the tax	Assumed to fall on Maine households	Purchaser-reconciled: business purchases and nonresident visitors carry their share, cutting modeled household burden by about a quarter
How relief is measured	Revenue received by each town	Avoided property-tax levy, mill-rate impact and median homeowner benefit for each community

A dedicated fund for low- and moderate-income households

The most significant change is a refundable household supplement, paid by income tier through or alongside Maine's existing Property Tax Fairness Credit and Sales Tax Fairness Credit. It is funded from the published 2025 Maine Revenue Services Out-of-State-reported sales base, not from any community's municipal share, and does not rely on forward revenue estimates.

- About **315,000 households** with incomes below $80,000 would receive it.
- The **$87 million fund** pays about $81 million in supplements and keeps a $5 million reserve, which holds even under a severe 1.5% revenue-stress case.
- It is set by **income alone**. A renter at $40,000 receives the same $250 as a homeowner at $40,000.

Household income	Added 1% sales tax	Refundable supplement	Direct result	Households
Under $35,000	−$156	+$240	**+$84**	132,626
$35,000–$49,999	−$224	+$250	**+$26**	66,793
$50,000–$74,999	−$296	+$304	**+$8**	100,241
$75,000–$79,999	−$296	+$110	−$186	15,510

$80,000 and above	−$296 to −$795	none	−$296 to −$795	281,989

The net result falls as income rises, which is the progressivity test that matters. The table above counts the sales tax and supplement only. Adding the property tax that households avoid tells a fuller story:

Net annual impact with the supplement and avoided property tax

Household income	Direct result (sales tax + supplement)	Avoided property tax: homeowner	Net: homeowner	Avoided rent increase: renter	Net: renter
Under $35,000	+$84	+$171	**+$255**	+$64	**+$148**
$35,000–$49,999	+$26	+$171	**+$197**	+$64	**+$90**
$50,000–$74,999	+$8	+$171	**+$179**	+$64	**+$72**
$75,000–$79,999	−$186	+$171	**−$15**	+$64	**−$122**
$80,000 and above	−$296 to −$795	+$171	**−$125 to −$624**	+$64	**−$232 to −$731**

Avoided property tax reflects the median community: about $171 a year for a homeowner, and an estimated $64 in avoided rent increases for a renter. Every household below $75,000 comes out ahead, and homeowners at $75,000–$79,999 are roughly even. Actual amounts vary by community, home value and rent, so these figures are illustrative.

Answering the geography concern

Low-sales communities do far better than under a traditional local option. Ranked by sales per resident, the lowest fifth of Maine municipalities receive a median of $6.90 for every dollar their own sales generate, and every one comes out ahead. The highest-sales fifth still keeps 89 cents of every dollar it generates.

The Task Force's draft narrative on state PILOT payments cautions against new revenue that "increase[s] inequities, such as increasing the sales tax." We share that concern. The household supplement exists precisely so that this sales tax does not.

Why it belongs in the final report

The Task Force has found that property taxes make up more than half of local general revenue in Maine, which is the fourth highest in the nation, and that municipalities have few other tools. Regional revenue sharing is one of the only proposals before you that adds a new, broad-based local revenue source rather than shifting existing burdens.

- **It answers the Task Force's own questions.** Your work has highlighted service centers that carry costs for the region, exempt property, and visitor demand. This proposal sends revenue to those communities and to the smaller towns around them, and captures an estimated 14% of the tax from nonresidents.

- **It complements targeted relief.** The household supplement works through the Property Tax Fairness Credit system the Task Force has called the most targeted tool available. The municipal share lowers the levy for everyone else.
- **It is ready for legislative work.** GPCOG is seeking sponsors for the 133rd Legislature, with authorization in 2027, setup and public education in 2027–28, and first distributions in 2028–29. A recommendation from this Task Force would give the Taxation Committee a clear starting point.
- **The numbers are still being tested, openly.** Figures are planning estimates, an independent review by your consultants at Progress and Poverty Institute is encouraged, and we welcome the Task Force's scrutiny. A recommendation can direct the Committee to refine the details while endorsing the approach.

At a minimum, we ask that the report recommend that the Taxation Committee consider regional revenue-sharing legislation, including a refundable household component, in the 133rd Legislature.

Support for the Task Force's current draft recommendations

GPCOG supports the draft recommendations now before the Task Force. In particular, we welcome:

- Broadening municipal authority to impose **service charges** on tax-exempt property for one or more municipal services, which helps service centers recover costs they now pass to other taxpayers.
- Requiring the State to make **payments in lieu of taxes** on state-owned property, recognizing the burden on host communities.
- Building a state **inventory of impact fee ordinances** as a first step toward wider, better-supported use.
- Improving taxpayer awareness of the **Property Tax Fairness Credit**, including information with property tax bills.
- Continued attention to the **Property Tax Deferral Program**, revaluation support, and regional service delivery.

Act on the cost drivers, not only relief programs

Relief programs ease the bill; they do not slow what drives it. We urge the Task Force to tell the Taxation Committee and the Legislature to keep working on the four costs that land on the property tax:

1. **Education.** K–12 costs are the largest share of most local budgets. The State reaching 55% of Essential Programs and Services was a milestone, but it is a statewide figure and does not reflect each community's actual costs. The State should fund a greater share of actual costs, including special education.
2. **Health care.** Rising health insurance costs for municipal and school employees pass directly to the tax rate. Municipalities need state partnership on cost containment and pooled purchasing.

3. **County services.** Jails mainly serve the State's criminal justice system, yet they are funded largely through county assessments on municipalities. Statewide county jail budgets rose about 9% between FY2025 and FY2026. We strongly support the Task Force's January 2026 recommendation to increase state funding for county jails.
4. **Regional social service needs.** Homelessness and addiction are regional challenges. Their costs fall disproportionately on the cities and towns where shelters and services are located, and should be shared across the region and the State.

Thank you for your service and for your consideration. GPCOG would welcome the chance to answer questions or present updated figures before the final report is adopted. Please contact Jamie Garvin, Director of Community Affairs, at jgarvin@gpcog.org.

All figures are draft planning estimates from GPCOG modeling (Master Model v19.5, August 2026) using 2025 MRS taxable sales data and 2024 Municipal Valuation Return data. Final amounts depend on legislative language, legal review, independent review and updated sales data.

Sources

- Real Estate Property Tax Relief Task Force
- Interim Report, January 2026
- Meeting materials, September 29, 2026
- Meeting materials and draft recommendations, October 21, 2026
- GPCOG Regional Revenue Sharing Community Explorer
- GPCOG, *Regional Property-Tax Relief + Refundable Household Supplement* (planning draft, August 2026) and *Regional Revenue Sharing* presentation (September 2026)

Laxon, Lindsay

From: Mary Alice Scott <mascott@nonprofitmaine.org>
Sent: Monday, November 2, 2026 3:02 PM
To: Grohoski, Nicole; Matlack, Ann; Bickford, Bruce; Nutting, Robert
Cc: RE Property Tax Relief Task Force; Laxon, Lindsay
Subject: Please oppose service charge proposal
Attachments: Property Tax Relief Task Force Sign on Letter.pdf

This message originates from outside the Maine Legislature.

Dear Property Tax Relief Task Force,

Please find the attached letter, sent from 80+ organizations in Maine's nonprofit community. We encourage the task force to oppose the service charge proposal.

Nonprofits maintain and promote the public good throughout our community, providing many essential, high-impact and community-based services. By definition, charitable nonprofits ensure that "profit" is reinvested in community benefits. Through this work, nonprofits support government efforts to more effectively and efficiently support Maine people, thereby reducing the burden on the state's taxpayers.

Charitable nonprofits *earn* their property tax exemptions by promoting the public good and reducing the cost of government, while forgoing private benefit, politics, profit, and privacy.

Our organizations are sympathetic to the external fiscal pressures facing municipalities (because nonprofits are facing similar challenges), but this policy would not resolve those challenges. Instead, Maine nonprofits would have to either increase fees for programs and services and/or reduce or eliminate services for those who utilize them. It does not make sense to tax one public good to pay for another.

Thank you for the time,

Mary Alice Scott (*she/her)*
Director of Advocacy
www.NonprofitMaine.org
207-871-1885

Registration is open!
Together for Good – Maine's Nonprofit Gathering
November 19, 2026, in Auburn, Maine
https://www.nonprofitmaine.org/together-for-good

M | A | N | P
Maine Association of Nonprofits

Nonprofit Community Letter in Opposition to Service Charge Proposal
Maine Property Tax Relief Task Force
November 2, 2026

Dear Members of the Property Tax Relief Task Force,

Nonprofits maintain and promote the public good throughout our community, providing many essential, high-impact and community-based services. By definition, charitable nonprofits ensure that "profit" is reinvested in community benefits. Through this work, nonprofits support government efforts to more effectively and efficiently support Maine people, thereby reducing the burden on the state's taxpayers. Charitable nonprofits earn their property tax exemptions by promoting the public good and reducing the cost of government, while forgoing private benefit, politics, profit, and privacy.

Nonprofits are also vital to Maine's economy. In fact, **nonprofits employ 1 in 6 Maine workers**. Yet much of our work is done through the mobilization of more than 400,000 volunteers each year. A necessity, since **most Maine nonprofits are very small, lean, and community-based**: 88% have annual budgets less than $500,000 and 61% have annual budgets under $50,000. **Every dollar makes a difference** for these organizations and for their missions.

As the Property Tax Relief Task Force moves toward final recommendations, **please reject any proposals which would increase costs for charitable nonprofits.**

It does not make sense to tax one public good to fund another.

Nonprofits operate on very narrow margins, and typically do not have opportunities to generate revenue from their clients. When costs increase, nonprofits cannot easily pass those costs along to those they serve. Their missions often preclude them from charging clients for the full cost of services, and instead, communities suffer when nonprofits are forced to make difficult choices about programming.

The Task Force has already considered this approach and declined to recommend it.

While the Maine Association of Nonprofits was able to give a brief presentation at the November 13, 2025 meeting, the nonprofit community is not officially represented on the Task Force.

Following that presentation, at the Task Force's December 2025 meeting, the task force correctly rejected a recommendation to consider requiring tax-exempt organizations to pay municipal service charges through a 2-6 straw vote. The service fee proposal was subsequently excluded from the Task Force's January 2026 interim report. It is confusing to see the service fee proposal resurface again, ten months later with no input from the nonprofit sector.

The proposed service charge policy would be:

- **Harmful and counterproductive:** Maine nonprofits would have to either increase fees for programs and services and/or reduce or eliminate services for those who utilize them. It does not make sense to tax one public good to pay for another.

- **Dangerously ill-timed:** While nonprofits are facing increased demand for services, this policy would force charitable organizations to reduce vital programs for community members in need.

- **A minimal revenue generator:** The nonprofit community sympathizes with the fiscal pressures facing municipalities (because nonprofits are facing similar fiscal challenges) but this policy would not resolve those challenges. There has not been a meaningful review of whether this proposal would actually generate sufficient revenue to relieve the property tax burdens of homeowners, which is the intended charge of this task force.

- **Unpopular with voters:** "More than 6 in 10 voters (63%) oppose levying additional taxes on nonprofits and charities to help pay for other tax legislation, including a majority of both Trump (58%) and Harris (67%) voters."

- **Unpopular with the legislature:** At least seven proposals to establish or expand municipal service charges on tax-exempt property have failed since 2009, including LD 1146 (2009), LD 149 (2011), LD 562 and LD 936 (2013-14), LD 565 (2015), LD 1521 (2017), and LD 1795 (2025).

In short, this proposal will not meaningfully impact residents' property tax bills, and instead would potentially have negative economic impacts, and could exacerbate Maine's service needs.

Our organizations ask that the Property Tax Relief Task Force **to once again reject service fees for nonprofits** so that it may dedicate its limited time and resources to initiatives that can effectively reduce the tax burden on residents without harming the very organizations that are benefitting the community.

30 Mile River Watershed Association
Acton Shapleigh Historical Society
Adaptive Outdoor Education Center
Animal Refuge League of Greater Portland
Atlantic Black Box
Bethel Area District Exchange and Food Pantry
Bigelow Laboratory for Ocean Sciences
Boys & Girls Clubs of Southern Maine
Brick Store Museum
Castine Historical Society
Catholic Charities Maine
Center for Ecological Teaching and Learning
Center for Maine Contemporary Art
Central Aroostook Association
Commonsense Houisg, Inc.
Community Living Association
Cultural Alliance of Maine
Denmark Arts Center
Durham Historical Society
Equality Community Center
Fifth Maine Museum
Franco Center Performing Arts & Events

Friends of Feral Felines
Friends of St. Lawrence Church / The Hill Arts
Gateway Milbridge
Goodwill Northern New England
Goodwill Northern New England
Gulf of Maine Research Institute
Harpswell Heritage Land Trust
Island Community Center
John F. Murphy Homes, Inc.
Living Innovations
Maine Archives & Museums
Maine Association for Community Service Providers (MACSP)
Maine Association of Nonprofits
Maine Coast Heritage Trust
Maine Council of Churches
Maine Historical Society
Maine Hospital Association
Maine Humane
Maine Irish Heritage Center
Maine Library Association
Maine Primary Care Association
Maine Public
Maine State Society for the Protection of Animals
MaineHealth
Mayo Street Arts
Mid Coast Hunger Prevention Program
Midcoast Humane
Midcoast Literacy
Moosehead Marine Museum
Mount Desert Island Historical Society
My Place Teen Center
Northern Aroostook Alternatives, Inc.
Northern Light Health
Northern Maine Development Commission, Inc.
Peace Ridge Sanctuary
Pembroke Library Association
Penobscot Theatre Company
Penquis
Personal Onsite Development
Portland Gear Hub (Ketcha Outdoors)
Portland Museum of Art
Protectors of Animal Life Society
PSL Services/STRIVE
Responsible Pet Care of Oxford Hills Inc
Riding To The Top Therapeutic Riding Center
SeniorsPlus
Somerset Humane Society
Spurwink Services
Stewart Public Library
Support Solutions
Sweetser
The Center for Grieving Children
The Messenger Animal Rescue
University of New England
Waterman's Community Center
Watershed Center for the Ceramic Arts
Waypoint Maine, Inc.
Work First, Inc
YMCA Camp of Maine
YWCA Central Maine

Maine Real Estate Property Tax Task Force

Presentation to Task Force, 4 Nov 2026

Progress & Poverty INSTITUTE

Center for Land Economics

Today’s Presentation

- Quick Updates
- Introduce New Scenarios
- Introduce New Archetypes
- Explain New Scenario Design
- Explore Results

Quick Updates

- Time Trends report later this week
  - Median property tax as a share of income, slight decline to 4.2% in 2025
  - Commitment > inflation is true for nearly 90% of towns; no meaningful differences by town type
- Model's income definition:
  - Model & Statute agree on: earned income + retirement income + investment income
  - Diverge on TANF
- Model overstatement of fiscal cost is now explained: PTFC uptake

New Scenarios

- Focus is on revenue-neutral reallocations of existing property tax relief
- General intent:
  - Shift tax burden from some taxpayers to others (homesteaders to non-homesteaders)
  - Explore reallocation scenarios which both expand Homestead Exemption and Fairness Credit
  - Relieve property tax burden with (hopefully) broad support
- All five scenarios reallocate funds:
  from **municipal-level relief** (revenue-sharing & homestead reimbursement)
  to **household-level relief** (homestead exemption & fairness credit)

New Archetypes

- New scenarios all move funds from municipalities to households. So they all raise mill rates
- Effectively shifts the tax burden from homestead parcels to other types of property
- To characterize these effects, 6 commercial archetypes were added to the relief explorer
- More like vignettes: real parcels, tax bills & business types; estimated revenues & profit margins

New Archetypes

Archetype	Town	Property value	Mill rate	Property tax billed today
C1. A martial arts studio in Bangor	Bangor	$496,500	17.70 mills	$8,788
C2. A repair shop in Gardiner	Gardiner	$275,000	25.73 mills	$7,075
C3. A restaurant in Camden	Camden	$843,478	11.50 mills	$9,700
C4. A law firm in Raymond	Raymond	$310,500	17.20 mills	$5,341
C5. A lumber yard in York	York	$1,183,400	8.40 mills	$9,940
C6. An apartment complex in Bangor	Bangor	$1,258,700	17.70 mills	$22,279

Design of New Scenarios

- To guide relief reallocation scenarios, four discrete decisions:

1. **Scale**: how much funding is reallocated
2. **Source**: where the funds are reallocated from
3. **Share**: how the funds are shared between expanding the Homestead Exemption vs the Fairness Credit
4. **Split**: how the Fairness Credit funds are split between the Maximum Credit and Benefit Base

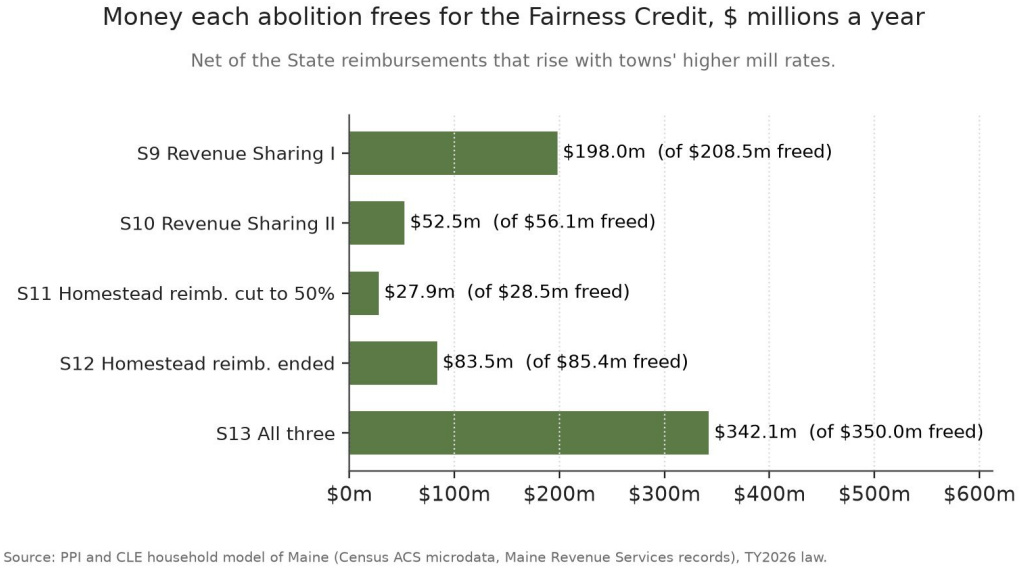
- Task Force recommendations could also be organized around these four decisions

General Goals

- Scenarios were designed with the following goals in mind:
- **Reducing Burden:** number of households whose property tax burden is reduced below 6% of income (currently 60k)
- **Progressivity**: by income decile
- **Popular appeal**: e.g. “double the Homestead Exemption/Fairness Credit”
- **Mindful of mill rate increases**: impacts on non-residential property
- **Mindful of rural-urban effects**: share of relief going to Aroostook, Washington & North Penobscot PUMA

1. Scale: how much funding is reallocated

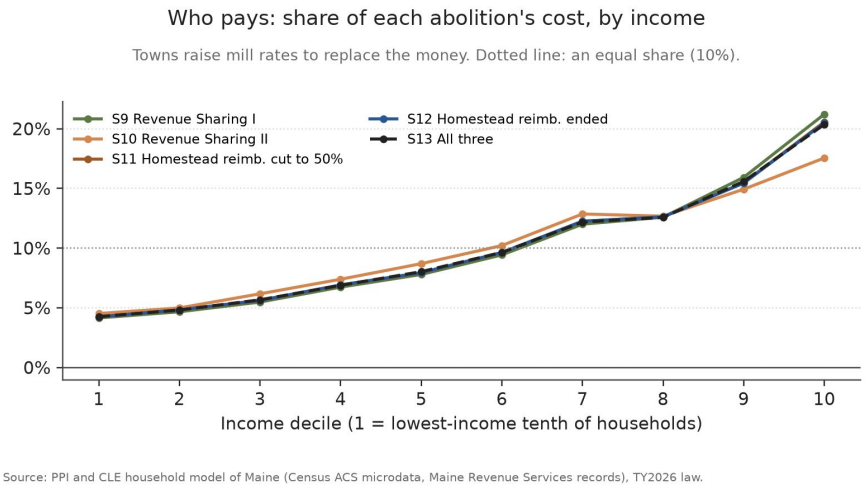
- Focus of this decision is what amount of funding to reallocate away from municipal-level relief and towards household-level relief.
- Larger amounts result in:
  - Greater reductions in number of households burdened
  - More curb appeal
- But also:
  - Larger increases to mill rate
  - Tax burden shifted onto non-homestead property
- New scenarios span $75m to $160m



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

2. Source: where the funds are reallocated from

- Focus of this decision is which source of municipal-level relief should funds be reallocated away from.
- From REV-I = more progressive
- From REV-II = less progressive
- From HE Reimbursement = enables larger increases to Exemption amount
- New scenarios pull from Homestead Reimbursement & REV-I



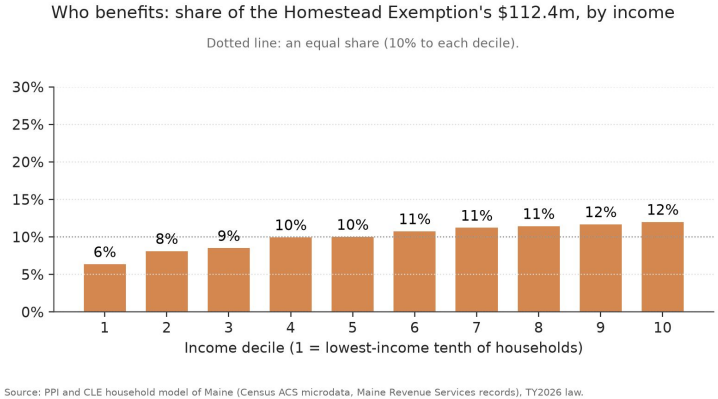
Source: PPI and CLE household model of Maine (Census ACS microdata, Maine Revenue Services records), TY2026 law.

3. Share: reallocated to HE vs PTFC

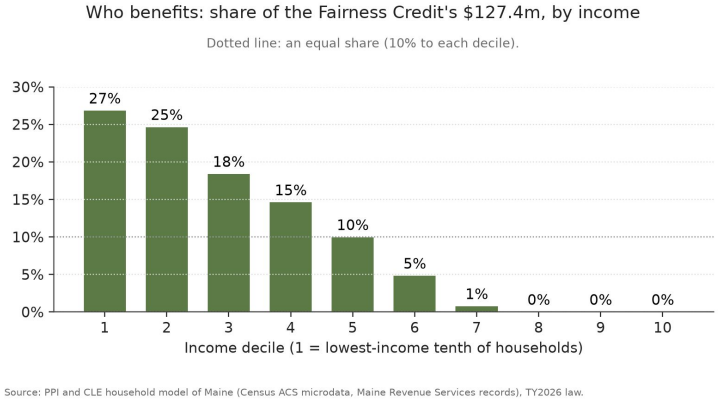
- Focus of this decision is how to share reallocated funds between the expanding the Homestead Exemption vs expanding the Fairness Credit
- Broadly a decision between broad vs targeted relief.

- Expanding the Fairness Credit:
  - More progressive
  - Greater reductions to burden
- Expanding the Homestead Exemption:
  - Broad reach (but less progressive)
  - More curb appeal

- New scenarios span 55:45 to 25:75



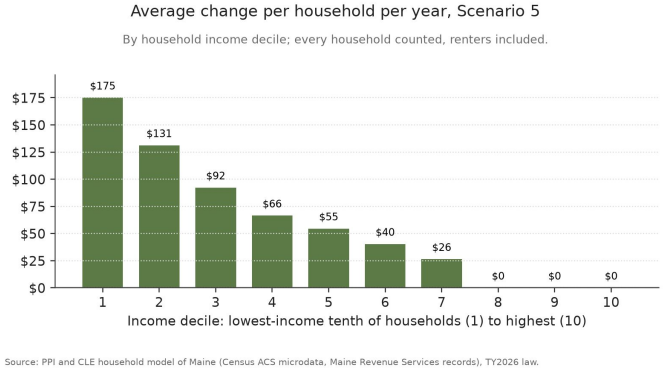
Source: PPI and CLE household model of Maine (Census ACS microdata, Maine Revenue Services records), TY2026 law.



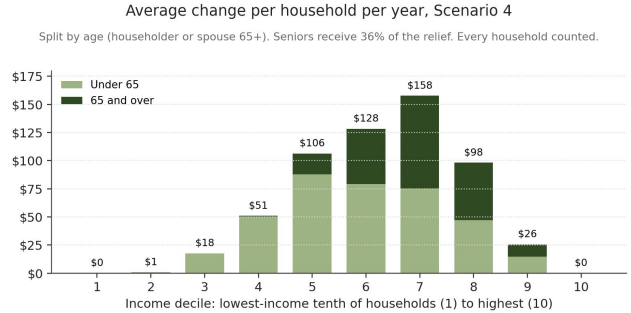
Source: PPI and CLE household model of Maine (Census ACS microdata, Maine Revenue Services records), TY2026 law.

4. Split: Max Credit vs Benefit Base

- Within the funds directed to FC, there is a choice between lifting the Max Credit vs Benefit Base
- Both help the burdened
- Max Credit targets the lower deciles
- Benefit Base targets the middle deciles
- New scenarios range from 3.5:1 to 5:1



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



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

Scenario	Scale	Source	Share (HE:FC)	Split (MC>BB)	Policy Parameters	Outcomes
S15	$81m	HE Reimbursement ↓ to 50% REV-I ↓ by $52m	45:55	5x	HE to $40,000 MC doubled BB to $3,120-$5,040	38% reduction in burdened 38% of relief to deciles 1-2 +3.1% mill rates 8% of relief to Aroostook PUMA
S16	$74m	REV-I ↓$74m	25:75	4x	HE to $30,000 MC doubled BB to $3,250-$5,250	39% reduction in burdened 50% of relief to deciles 1-2 +2.1% mill rates 5% of relief to Aroostook PUMA
S17	$108m	HE Reimbursement ↓ to 50% REV-I ↓$80m	55:45	4x	HE doubled MC doubled BB to $3,250-$5,250	43% reduction in burdened 30% of relief to deciles 1-2 +4.5% mill rates 10% of relief to Aroostook PUMA
S18	$102m	HE Reimbursement ↓ to 50% REV-I ↓$73m	25:75	3.5x	HE to $35,000 MC to $3,750:$5,000 BB to $3,710-$6,000	53% reduction in burdened 40% of relief to deciles 1-2 +3.4% mill rates 5% of relief to Aroostook PUMA
S19	$158m	HE Reimbursement ↓ to 50% REV-I ↓$129m	40:60	N/A	HE doubled 2-tier FC above 4% burden: 100% reimbursement up to $2,000, then 50% reimbursement up to $5,000 Benefit Base to $8,000	48% reduction in burdened 21% of relief to deciles 1-2 +5.9% mill rates 7% of relief to Aroostook PUMA

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11/4/26

The five new scenarios differ from one another in three key ways, each of which broadly corresponds to a discrete type of recommendation that the Task Force could consider making during next week's meeting:

- ***Scale: how much funding is reallocated:*** *Larger reallocations enable more household-level relief, but also cause larger mill rate increases for non-homestead property. S15 & S16 each move roughly $75-$80 million, S17 & S18 reallocate around $100 million, and S19 moves $160 million. (By comparison, the earlier scenarios reallocated from* $28 million (S11) to $475 million (S14))
- ***Source: where the funds are reallocated from.*** *S15, S17, S18 and S19 start by cutting Homestead Exemption reimbursement to 50% and then pull the remaining funds from REV-I. S16 leaves the reimbursement untouched and draws funds only from REV-I.*
- ***Share: how the funds are shared between expanding the Homestead Exemption vs the Fairness Credit:*** *This is broadly a choice between broad vs targeted relief. S15 divides its funds roughly evenly between the Homestead Exemption and the Fairness Credit, and S17 does likewise with a slight lean toward the Homestead Exemption. S16 and S18 send roughly three quarters of their funds to the Fairness Credit, and S19 a little under 60%.*
- ***Split: how the Fairness Credit funds are split between expanding the Max Credit vs the Benefit Base:*** *This is also a choice between broad vs targeted relief. S15-S17 increase the Max Credit 4x faster than they increase the Benefit Base, while S18 uses a 3.5x ratio (to avoid the Max Credit exceeding the Benefit Base). (By comparison, S9-S13 all used a 3x ratio.)*

Each of these decisions produce notable differences in the results for different scenarios:

- ***Progressivity.*** *Because the Fairness Credit is targeted by income, the scenarios that lean most heavily on it (S16 & S18) direct the largest shares of their benefits to lower-income households.*
- ***Reducing 'burden':*** *Larger reallocations enable more households to have their property tax burden brought below 6% of income, as to those which are more precisely targeted at the burdened. Observe how the "How many households are burdened" chart changes as you switch between scenarios.*
- ***Mill rate increases.*** *Larger reallocations also result in larger mill rate increases, ranging from about 2% (S16) to about 6% (S19). Use the "How each policy scenario affects archetype" table to observe the scale of these effects for the Commercial Archetypes.*
- ***Winners and losers at either end.*** *Households in Aroostook, Washington and northern Penobscot gain on average under all five scenarios despite facing the steepest mill rate increases, though in most scenarios by less than households in southern Maine. At the top of the income distribution, the highest-earning tenth of households lose on average under every scenario, from roughly breaking even under S17 to an average loss of $83 under S18.*

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Woodbury PTFC Proposal
Impact on Property Tax Burden

Current Policy

- $25,000 Homestead
- 76% Reimbursed
- PTFC Benefit Base, up to $4,100
- PTFC Max Benefit, up to $2,000
- PTFC Formula, 100% above 4% of income

Illustration 1

- $50,000 Homestead
- 50% Reimbursed
- PTFC Benefit Base, $8,000
- PTFC Max Benefit, $5,000
- PTFC Formula
    - Tier 1, 100% above 4% of income up to $2,000
    - Tier 2, 50% of remaining above 4% of income up to $5,000 max

Figure 1
Net Tax Burden
Homeowner with $3000 in Gross Property Taxes

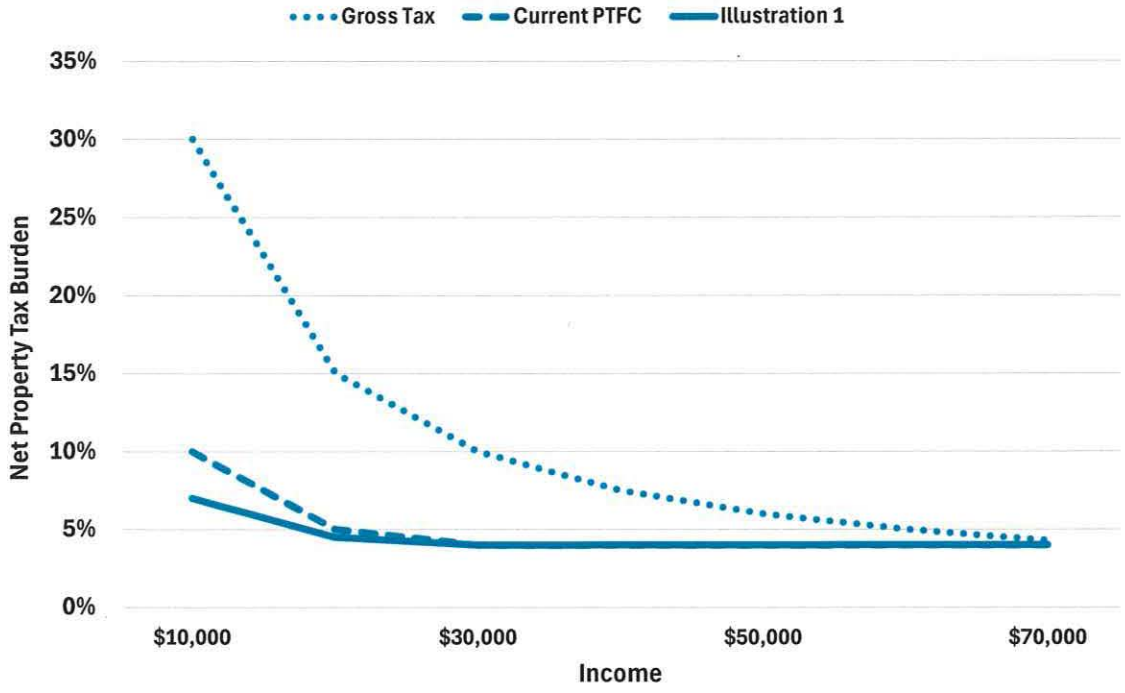


Figure 2
Net Tax Burden
Homeowner with $5000 in Gross Property Taxes

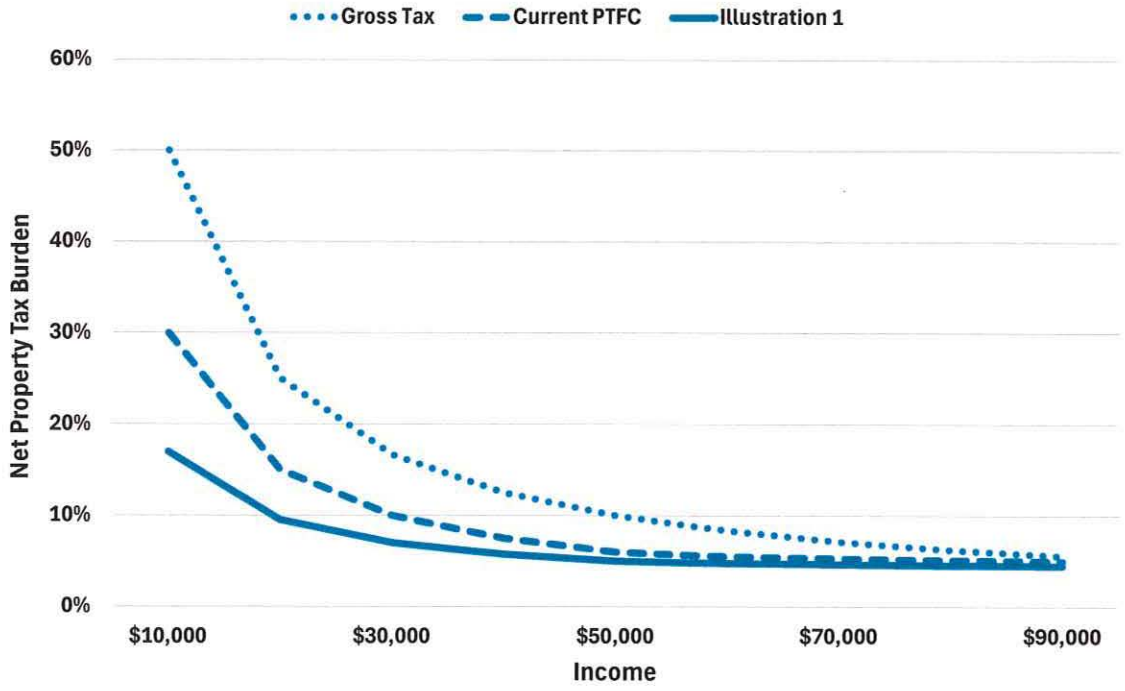


Figure 3
Net Tax Burden
Homeowner with $7000 in Gross Property Taxes

