Real Estate Property Tax Relief Task Force
Resolve 2025, chapter 108
Tuesday, November 17, 2026, 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 **Review of draft recommendation language, member discussion, and final voting**

The Task Force may take a lunch break as needed.

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.

From the January 2026 Task Force Report

Executive Summary

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

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

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

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

Recommendation related to Task Force process

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

Recommendations related to municipal administration and taxpayer education

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

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

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

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

Recommendations related to possible legislative changes to existing relief programs

Recommendation 4: The Task Force recommends that, if the Taxation Committee considers immediate changes to existing real estate property tax relief programs in the Second Regular Session of the 132nd Legislature, the Committee focus on the Property Tax Fairness Credit as the most targeted tool to provide such relief. The Committee should consider allowing a taxpayer's income tax credit to offset their property tax bill.

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

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

Recommendations related to property tax cost drivers

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

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

Recommendations related to providing funding to reduce municipal budget needs

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

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

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: Public Awareness of 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 to assist municipalities in including information regarding the Property Tax Fairness Credit with property taxpayer bills.

Recommendation 5: 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 property tax relief programs, including the Property Tax Fairness Credit, the Homestead Exemption and the Property Tax Deferral Program and ask the taxpayer advocate to share suggestions for increasing uptake in these programs. The Task Force also recommends that the committee consider legislation to provide financial resources to fund public outreach or educational campaigns to increase uptake in property tax relief programs. The Task Force further recommends that, if after discussing uptake and education efforts 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 17, 2026 – updated for November 17th meeting

Recommendation 6: Governmental and School Auditing

If supported by a majority of the Task Force: A majority of the Task Force recommends that the joint standing committees of the Legislature with jurisdiction over local government matters and education matters review current audit, financial reporting, and other financial disclosure requirements applicable to municipalities, counties and school administrative units, respectively, and consider making changes to existing requirements or implementing other mechanisms to enable the development of trend information over time and better facilitate comparisons of spending by reporting entities. A majority of the Task Force also recommends that the Legislature consider providing funding in connection with any changes to existing requirements or new requirements advanced by the policy committees to prevent any costs for enhanced or additional reporting from being borne by property taxpayers.

Recommendation 7: MOCA to Report on Regionalization Efforts

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 in which the office is involved that allow for the sharing or regionalization of local governmental services that may reduce costs or improve the quality or efficiency of delivering such services for participating municipalities, counties or other local units of government. The Task Force also recommends that the report include any opportunities or recommendations the office identifies for the sharing or regionalization of local governmental services.

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 that the Legislature make changes to the deferred collection of homestead property taxes program established in the Maine Revised Statutes, Title 36, chapter 908 in order to promote expanded program participation by eligible individuals who would see significant property tax relief from the deferral of their property taxes under the program. The Task Force recommends the following changes to become effective January 1, 2028.

First, to amend the definition of "homestead" within the chapter to remove the limit on the number of acres that may be included within a property tax deferral claim from 10 contiguous acres to the entire parcel upon which the owner-occupied principal dwelling owned by the taxpayer is located. Properties already in the program that may be eligible to claim additional acreage may file a claim for expanded deferral.

Second, to amend the interest rate that accrues on the actual amount of payment advanced to the municipality for the tax deferred property, as established in Title 36, section 6255, subsection 3. The current interest rate is the interest rate determined under Title 36, section 186 for a person who fails to pay any tax, other than real and personal property taxes, reduced by one percentage point. The Task Force recommends instead setting the interest rate at the maximum rate of interest for delinquent property taxes, as established by the Treasurer of State pursuant to section 505, subsection 4, reduced by 50 percent.

Third, to remove the requirement that the taxpayer, if the sole owner of the property, or all the owners together if the property is owned by more than one owner, have liquid assets, as defined in Title 36, section 6250, subsection 3-A, of less than $100,000 or $150,000, respectively, and instead have no liquid asset limitations.

Fourth, to allow a taxpayer to file a claim for deferral with the municipal assessor at any time, rather than just from after January 1st but no later than April 1st of the first year in which deferral is claimed as described in section 6251, subsection 1. The Task Force acknowledges the necessity of keeping the April 1st deadline for properties to be eligible in the year that they apply but agree that taxpayers should be able to file a claim at any time.

Fifth, to remove the prohibition of an existing municipal lien from the criteria for eligibility of property for deferral and ensure that state law provides priority for State tax liens associated with the program.

Sixth, to require the holder of the deferred property's mortgage escrow account to reduce the sums used to pay taxes or insurance premiums paid to the escrow account holder by the owner of the deferred property to reflect the State's payment of property taxes to the municipality under the program.

Seventh, to direct Maine Revenue Services, within the Department of Financial and Administrative Services, to develop information about the program and to provide that information to municipalities who would then be required to include that information with each notice mailed to delinquent taxpayers. The information developed by Maine Revenue Services

must include that a taxpayer may qualify for tax deferral of a homestead under this program even if the taxpayer owes up to 2 years of delinquent property taxes at the time of application for deferral and that if the application was approved, the amount of delinquent property taxes, plus interest and costs, would be added to the amount of tax deferred for the first year and those amounts would be reimbursed to the municipality or unorganized territory, as appropriate. The Task Force recommends that any additional funding necessary to support municipalities in providing this information with the notice mailed to delinquent taxpayers be paid for by the State.

Finally, to require Maine Revenue Services, within the Department of Financial and Administrative Services, to report by January 30, 2032, to the joint standing committee having jurisdiction over taxation matters in the 135th Legislature, on the annual participation rates and program trends since the implementation of these changes and any recommendations for improving the program. The committee may report out a bill related to this report.

Recommendation 10: Changes to Property Tax Fairness Credit Program and the Homestead Exemption Program

If supported by a majority of the Task Force: A majority of the Task Force recommends that the Legislature enact legislation to amend the general homestead property tax exemption to up to $50,000 of the just value of a homestead, double the current amount, and to, concurrently, restructure the Property Tax Fairness Credit program to a two-tiered credit that provides a property tax credit to property taxpayers who pay more than a certain percentage of their income in property tax or rent. The credit should be tiered to provide a taxpayer 100% reimbursement for property tax above that certain percentage of income up to a specific dollar amount and then a 50% reimbursement for any remaining amount above the previous amount up to another specific dollar amount. This tiered program should establish a benefit base that aligns with median value homes and incomes in the State. This restructured program should also remove all distinctions based on age and family size so that it is solely based on property tax as a percentage of income.

Recommendation 11: Sources of Funding for Proposed Changes to the Property Tax Fairness Credit and the Homestead Exemption Program

If supported by a majority of the Task Force: A majority of the Task Force recommends that, if the Legislature provides additional direct property tax relief by increasing the homestead property tax exemption and amending the Property Tax Fairness Credit program as described in Recommendation 10, the Legislature fund those changes by decreasing the percent reimbursed to municipalities for properties receiving the homestead exemption and by decreasing the percentage of the State's monthly sales, corporate and personal income tax revenues that are set aside for Revenue Sharing I.

Recommendation 12: Consider a phased in approach to proposed changes to property tax relief programs and to consider other changes to programs and policies that impact property taxes as a comprehensive suite of tools to address property taxes in the State

If supported by a majority of the Task Force: A majority of the Task Force recommends that as the Legislature considers these recommendations for increased direct property tax relief for homestead property owners, the Legislature consider phasing in the changes to these programs that may result in increased costs for other non-homestead property owners. In addition, a majority of the Task Force also recommends that the Legislature consider synchronizing the implementation of the suite of changes recommended by the Task Force in order to mitigate the impact of shifting the burden of property taxes away from homestead taxpayers and onto non-homestead property taxpayers.

Recommendation 13: Revenue Sharing and Service Centers

If supported by a majority of the Task Force: The Task Force recommends that the Legislature examine ways to further assist service center communities financially using a stable source of funding outside of the current revenue sharing mechanism.

Recommendation 14: Minimum assessing standards

If supported by a majority of the Task Force: A majority of the Task Force recommends that the Legislature enact legislation to update the State's minimum assessing standards in Title 36, section 327, for consistency with the International Association of Assessing Officers' most recent standards. A majority of the Task Force also recommends that the Legislature enact legislation to require compliance with the maximum rating of assessment quality in Title 36, section 327, subsection 2, and require a municipality whose rating of assessment quality exceeds the maximum to complete a statistical update. A majority of the Task Force also recommends that the Legislature amend Title 36, section 328, subsection 7, which requires a physical inspection and inventory of each real parcel and personal property account every three years, to permit the use of imaging technology to fulfill the physical inspection and inventory requirement.

Recommendation 15: Financial support program

If supported by a majority of the Task Force: A majority of the Task Force also recommends that the Legislature establish a [time-limited?] financial support program to provide financial assistance to municipalities to get into compliance with the State's minimum assessing standards. The program would also provide technical and financial support for municipalities that recently completed a revaluation to stay in compliance and provide grants to support regionalization of assessing services.

Recommendation 16: Reductions in Revenue Sharing for noncompliance

If supported by a majority of the Task Force: If the Legislature implements the above recommendation, a majority of the Task Force recommends that the Legislature enact legislation to reduce the amount of revenue sharing that a municipality receives if, within three years of the implementation of the financial support program described above, it fails to meet the assessment ratio range required by Title 36, section 327, subsection 1 and has not entered into a contract with an assessing firm. The reduction in Revenue Sharing would be calculated as a loss of 1% of the revenue sharing to which the municipality would otherwise be entitled for each one percentage point the assessment ratio falls outside of the required range.

Recommendation 17: Current Use Program and Exemption Review

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 consider legislation to establish an ongoing statutory review commission charged with examining Maine's current use programs and property tax exemption laws to ensure the programs and laws are serving their legislative purposes.

Recommendation 18: Revenue Generating Opportunities for Municipalities

If supported by a majority of the Task Force: A majority of the Task Force recommends that the 133rd Legislature consider expanding revenue-generating opportunities for municipalities, including by allowing municipalities to impose local option taxes such as local option sales tax and lodging tax, broadening service charge applicability, and supporting municipalities' implementation of impact fees.

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.

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
For Task Force consideration November 17, 2026 – no changes since 10/21/26 draft

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.

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 PUBLIC AWARENESS OF 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 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.

Prepared by the Office of Policy and Legal Analysis
For Task Force consideration November 17, 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 property tax relief programs, including the Property Tax Fairness Credit, the Homestead Exemption and the Property Tax Deferral Program and ask the taxpayer advocate to share suggestions for increasing uptake in these programs. The Task Force also recommends that the committee consider legislation to provide financial resources to fund public outreach or educational campaigns to increase uptake in property tax relief programs. The Task Force further recommends that, if after discussing uptake and education efforts 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. Progress and Poverty Institute estimates that the participation rate for the Property Tax Fairness Credit is approximately 72%. 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. Members also learned from the Progress and Poverty Institute that the statewide take-up rate of the Homestead Exemption is approximately 75%, meaning that approximately one in four owner-occupied units is not receiving the Homestead Exemption. Progress and Poverty Institute noted that the participation gap is likely smaller than this, as the data used to compile this figure includes seasonal properties that do not qualify for exemption. Members also learned from Progress and Poverty Institute that participation in the Property Tax Deferral Program is dramatically lower than that of the Homestead Exemption and the Property Tax Fairness Credit, with only 235 participants

statewide, about 1 in 400 eligible households, or a participation rate of about 0.25%. In learning these participation rates, members feel it is important that the taxpayer advocate help spread news of the programs to potentially eligible taxpayers and to provide financial resources, if necessary.

REVISED

Prepared by the Office of Policy and Legal Analysis
For Task Force consideration November 17, 2026

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 committees of the Legislature with jurisdiction over local government matters and education matters review current audit, financial reporting, and other financial disclosure requirements applicable to municipalities, counties and school administrative units, respectively, and consider making changes to existing requirements or implementing other mechanisms to enable the development of trend information over time and better facilitate comparisons of spending by reporting entities. A majority of the Task Force also recommends that the Legislature consider providing funding in connection with any changes to existing requirements or new requirements advanced by the policy committees to prevent any costs for enhanced or additional reporting from being borne by property taxpayers.

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; however, it was noted that categories of revenue and spending may not be consistently used, which can frustrate a property taxpayer's efforts to understand how funds are being used over time or to compare one reporting entity to another. Data provided by PPI comparing property tax costs to inflation showed that Maine's property tax commitment outran inflation during 2024 – 2025, which highlighted for members the importance of understanding how property taxpayer funds are being spent. The members acknowledged, however, that they may not have sufficient information to make specific suggestions regarding current financial reporting and auditing standards. Other mechanisms may be available outside of the statutory requirements discussed by the Task Force, and the members felt that the applicable policy committees would be best positioned to address these concerns. The members noted, however, that their intent in seeking greater consistency in how spending is reported is to facilitate taxpayer understanding, not to create a burdensome system or increase costs for property taxpayers. A majority of the Task Force members determined that a broader recommendation to the joint standing committees of jurisdiction to consider the issue and establish greater standardization would be appropriate and any changes enacted by the Legislature should include funding to avoid contributing to the property tax burdens the Task Force was convened to address.

Prepared by the Office of Policy and Legal Analysis
For Task Force consideration November 17, 2026

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 for the sharing or regionalization of local governmental services that may reduce costs or improve the quality or efficiency of delivering such services for participating municipalities, counties or other local units of government. The office shall also include in the report any opportunities or recommendations it identifies for the sharing or regionalization of local governmental 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 in which the office is involved that allow for the sharing or regionalization of local governmental services that may

reduce costs or improve the quality or efficiency of delivering such services for participating municipalities, counties or other local units of government.

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 in which the office is involved that allow for the sharing or regionalization of local governmental services that may reduce costs or improve the quality or efficiency of delivering such services for participating municipalities, counties or other local units of government. The Task Force also recommends that the report include any opportunities or recommendations the office identifies for the sharing or regionalization of local governmental services.

Draft narrative for report

The Maine Office of Community Affairs (MOCA) presented to the Task Force at the September 29th meeting regarding its programs focused on regionalization of local government services. 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, counties, and other local units of government regionalize services and therefore recommend an annual report to the Legislature that keeps legislators abreast of developments in this area.

RELEASED

DRAFT RECOMMENDATION REGARDING 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.

Draft narrative for report

The Task Force, pursuant to Resolve 2025, c. 108, sec. 6, directed Progress and Poverty Institute (PPI) to gather and analyze statewide property tax data, including the impact of unfunded mandates on local budgets. PPI presented this information in their report to the Task Force in May of 2026. The report summarizes the results of a brief municipal survey designed as a free-text survey to identify which unfunded mandates municipal officials view as the largest cost burdens on their own municipal budgets, and to collect self-reported cost estimates for those mandates. As noted in the report, the term "unfunded mandate" lacks a single, operational definition. For purposes of this research, the definition of "unfunded mandate" that PPI presented to survey respondents is "any requirement imposed on a municipality by the state or federal government that is not accompanied by funding sufficient to cover the cost of compliance." Respondents were asked to identify, in order, the three unfunded mandates creating the largest cost burden for their municipal budget. Respondents were also asked to rate the overall impact of the three mandates on their municipality on a scale of one to ten (with one being "minimal impact" and ten being "extremely severe"). The survey received 24 responses, representing a small fraction of the potential respondent pool. Responding municipalities did not converge on a single or small set of mandates as universally costly. The three most frequently named were public education funding (ten respondents), state-defined property tax exemptions and reimbursements (seven respondents), and maintenance of state roads and bridges (six respondents). As noted in the report, the survey's limited findings underscore the point that the term "unfunded mandate" is too broad for a single brief survey to bound. In addition to the information provided in PPI's report, and after hearing concerns from members of the Task Force representing municipal interests related to the costs associated with municipal services required by other government entities, the Task Force received information related to those services. Staff shared a memorandum that provided a legal definition of "mandate" and summarized Law Court precedent interpreting the mandate provision. Included with the memorandum was a copy of LD 634 as amended in the 132nd Legislature, which contemplates establishing a commission to study the reduction of unfunded and outdated municipal and county mandates. A majority of Task Force members agreed that the issue of mandates is complex and that further study is warranted to better understand the financial pressures on municipalities as a result of requirements imposed

on municipalities by the state or federal government that is not accompanied by funding sufficient to cover the cost of compliance. The Task Force therefore recommends that the joint standing committee of the Legislature with jurisdiction over state and local government matters consider reporting out a bill modeled after LD 634 as amended in the 132nd Legislature with language added to direct the commission to review "underfunded" mandates, include in its list of mandates to the Legislature those mandates that the commission recommends that the Legislature fund, and consider whether there are mandated activities that could be regionalized or undertaken by the State to reduce municipal or county costs.

DRAFT

Prepared by the Office of Policy and Legal Analysis
For Task Force consideration November 17, 2026

DRAFT RECOMMENDATION REGARDING
THE SENIOR PROPERTY TAX DEFERRAL PROGRAM

If supported by a majority of the Task Force: A majority of the Task Force recommends that the Legislature make changes to the deferred collection of homestead property taxes program established in the Maine Revised Statutes, Title 36, chapter 908 in order to promote expanded program participation by eligible individuals who would see significant property tax relief from the deferral of their property taxes under the program. The Task Force recommends the following changes to become effective January 1, 2028.

First, to amend the definition of "homestead" within the chapter to remove the limit on the number of acres that may be included within a property tax deferral claim from 10 contiguous acres to the entire parcel upon which the owner-occupied principal dwelling owned by the taxpayer is located. Properties already in the program that may be eligible to claim additional acreage may file a claim for expanded deferral.

Second, to amend the interest rate that accrues on the actual amount of payment advanced to the municipality for the tax deferred property, as established in Title 36, section 6255, subsection 3. The current interest rate is the interest rate determined under Title 36, section 186 for a person who fails to pay any tax, other than real and personal property taxes, reduced by one percentage point. The Task Force recommends instead setting the interest rate at the maximum rate of interest for delinquent property taxes, as established by the Treasurer of State pursuant to section 505, subsection 4, reduced by 50 percent.

Third, to remove the requirement that the taxpayer, if the sole owner of the property, or all the owners together if the property is owned by more than one owner, have liquid assets, as defined in Title 36, section 6250, subsection 3-A, of less than $100,000 or $150,000, respectively, and instead have no liquid asset limitations.

Fourth, to allow a taxpayer to file a claim for deferral with the municipal assessor at any time, rather than just from after January 1st but no later than April 1st of the first year in which deferral is claimed as described in section 6251, subsection 1. The Task Force acknowledges the necessity of keeping the April 1st deadline for properties to be eligible in the year that they apply but agree that taxpayers should be able to file a claim at any time.

Fifth, to remove the prohibition of an existing municipal lien from the criteria for eligibility of property for deferral and ensure that state law provides priority for State tax liens associated with the program.

Sixth, to require the holder of the deferred property's mortgage escrow account to reduce the sums used to pay taxes or insurance premiums paid to the escrow account holder by the owner of

the deferred property to reflect the State's payment of property taxes to the municipality under the program.

Seventh, to direct Maine Revenue Services, within the Department of Financial and Administrative Services, to develop information about the program and to provide that information to municipalities who would then be required to include that information with each notice mailed to delinquent taxpayers. The information developed by Maine Revenue Services must include that a taxpayer may qualify for tax deferral of a homestead under this program even if the taxpayer owes up to 2 years of delinquent property taxes at the time of application for deferral and that if the application was approved, the amount of delinquent property taxes, plus interest and costs, would be added to the amount of tax deferred for the first year and those amounts would be reimbursed to the municipality or unorganized territory, as appropriate. The Task Force recommends that any additional funding necessary to support municipalities in providing this information with the notice mailed to delinquent taxpayers be paid for by the State.

Finally, to require Maine Revenue Services, within the Department of Financial and Administrative Services, to report by January 30, 2032, to the joint standing committee having jurisdiction over taxation matters in the 135th Legislature, on the annual participation rates and program trends since the implementation of these changes and any recommendations for improving the program. The committee may report out a bill related to this report.

Draft narrative for report

In 2025, when examining existing property tax relief programs in this State, including those programs designed specifically for long term property owners who need support to age in place,[1] the Task Force learned about the State's existing property tax deferral program, known as the Homestead Property Tax Deferral for Seniors and Persons with Disabilities program, which was reestablished[2] by the Legislature in 2021.[3] Task Force members learned that, although the program does not exempt any portion of a residential taxpayer's real property from taxation, it does allow a qualifying taxpayer to postpone the payment of property taxes, subject to the accrual of interest, on the individual's homestead until the individual passes away, sells the property or moves – essentially allowing homeowners to draw on their own home equity to pay current property tax bills. Maine Revenue Services pays the qualifying taxpayer's real estate property taxes to the applicable municipality and places a lien on the property. Progress and Poverty Institute examined the levels of eligibility and uptake for the State's program and shared those findings in their report to the Task Force in May of 2026.[4] Maine Revenue Services reported that 235 households statewide were enrolled in the program. Progress and Poverty

[1] Resolve 2025, chapter 108, Sec. 6, subsection 6.
[2] Originally established in Public Law 1989, c. 539 and accepted applications through April 1, 1991.
[3] M.R.S.A. 36, chapter 908.
[4] Cite PPI 2026 final report here.

Institute estimated[5] that the eligible population for the program was approximately 90,900 households, implying a participation rate of roughly 0.26% or about 1 in 400 households.[6] This analysis demonstrates that uptake is uniformly and strikingly low.

During the June 30, 2026, meeting of the Task Force, a majority of members indicated an interest in exploring actions that could increase participation in the deferral program. At the request of Task Force members, staff shared a memo providing an overview of property tax deferral programs in other states, including elements related to eligibility, the application process, and interest rates to assist them in their work. The memo noted that research indicates low participation rates across the 18 states that appear to offer statewide deferral programs for senior citizens and people with disabilities for many of the same reasons noted in the Progress and Poverty analysis.[7] After reviewing all of the provided information, including comparing this State's program to similar programs in other States, and after receiving comments regarding the program from Legal Services for Maine Elders, the members concluded changes to the deferred collection of homestead property taxes program are necessary to promote expanded program participation by eligible individuals. Members noted that for residents of this State whose home values have greatly appreciated, but who are income-poor and not able to remain current on rising tax bills, this program is a critical tool to help those individuals remain in their homes and communities and therefore recommend these changes to help increase awareness and participation rates.

REVISED

[5] For more information about the method used for estimating eligibility rates, see May 2026 report.
[6] Cite May 2026 report from PPI. (p. 96)
[7] *See* meeting materials from September 15, 2026.

DRAFT RECOMMENDATIONS REGARDING
CHANGES TO THE PROPERTY TAX FAIRNESS CREDIT PROGRAM AND THE HOMESTEAD EXEMPTION PROGRAM

Recommendation #10: Policy Parameters for Changes to Property Tax Fairness Credit Program and the Homestead Exemption Program

If supported by a majority of the Task Force: A majority of the Task Force recommends that the Legislature enact legislation to amend the general homestead property tax exemption to up to $50,000 of the just value of a homestead, double the current amount, and to, concurrently, restructure the Property Tax Fairness Credit program to a two-tiered credit that provides a property tax credit to property taxpayers who pay more than a certain percentage of their income in property tax or rent. The credit should be tiered to provide a taxpayer 100% reimbursement for property tax above that certain percentage of income up to a specific dollar amount and then a 50% reimbursement for any remaining amount above the previous amount up to another specific dollar amount. This tiered program should establish a benefit base that aligns with median value homes and incomes in the State. This restructured program should also remove all distinctions based on age and family size so that it is solely based on property tax as a percentage of income.

Recommendation #11: Sources of Funding for Proposed Changes to the Property Tax Fairness Credit Program and the Homestead Exemption program

If supported by a majority of the Task Force: A majority of the Task Force recommends that, if the Legislature provides additional direct property tax relief by increasing the homestead property tax exemption and amending the Property Tax Fairness Credit program as described in Recommendation 10, the Legislature fund those changes by decreasing the percent reimbursed to municipalities for properties receiving the homestead exemption and by decreasing the percentage of the State's monthly sales, corporate and personal income tax revenues that are set aside for Revenue Sharing I.

Recommendation #12: Consider a phased in approach to proposed changes to property tax relief programs and to consider other changes to programs and policies that impact property taxes as a comprehensive suite of tools to address property taxes in the State

If supported by a majority of the Task Force: A majority of the Task Force recommends that as the Legislature considers these recommendations for increased direct property tax relief for homestead property owners, the Legislature consider phasing in the changes to these programs

that may result in increased costs for other non-homestead property owners. In addition, a majority of the Task Force also recommends that the Legislature consider synchronizing the implementation of the suite of changes recommended by the Task Force in order to mitigate the impact of shifting the burden of property taxes away from homestead taxpayers and onto non-homestead property taxpayers.

Draft narrative for report

The primary duty of the Task Force, as directed in Resolve 2025, chapter 108, is to determine the best options for immediate property tax relief and to engage in comprehensive, data driven research and analysis to develop long-term solutions. In 2025, the Task Force began this work by examining current real estate property tax relief programs in the State and considering ways that these programs may be altered to bring about greater relief for taxpayers. Members learned that the State already has programs that are widely viewed as the best tools to provide direct property tax relief, including a homestead exemption and a circuit breaker program. Circuit breaker programs, such as Maine's Property Tax Fairness Credit, are progressive in nature and target relief based on income and other criteria. These programs can be designed to target those individuals the Legislature determines are most in need of property tax relief, with relief most often directed towards those with the highest tax burden relative to income. Circuit breaker programs are widely popular and exist in twenty-nine states and the District of Columbia. Maine's current circuit breaker program began in 2014. In Maine, the homestead exemption is a broad-based relief tool available to Maine residents on their primary dwelling that requires a single one-time application, is administered locally, and has been in place for decades.

Members agreed that making changes to these programs is likely the best option for bringing immediate property tax relief[1] but understood that any such changes needed to be supported by data to ensure that relief is provided to those most in need and to demonstrate the potential impacts on other taxpayers. The Task Force contracted with Progress and Poverty Institute (PPI) to assist them in conducting data driven research and analysis of the State's current system of property taxation, which specifically included gathering data on who is most negatively affected by the current system of property taxation and the effectiveness of existing relief programs. They presented their findings to the Task Force in May 2026.

The report found that the Property Tax Fairness Credit is Maine's primary mechanism for directly relieving the property tax burden on low- and middle-income homeowners and is available to both homeowners and renters. Statewide, approximately 134,000 households claimed the credit in 2024 with an average credit of $845. PPI estimated a statewide eligible population of approximately 186,000, implying a participation rate of approximately 72%.[2] The homestead exemption reduces the assessed value of an owner-occupied primary residence by up to $25,000, which is applied directly to the homeowner's property tax bill. This is Maine's most

[1] *See* Recommendations 4 and 5 in the Real Estate Property Tax Relief Task Force Report, January 2026.
[2] For more information about PPI's methods for estimating PTFC eligibility, see PPI's May 2026 report.

broadly utilized property tax relief mechanism, yet, despite the broad eligibility and low barrier to entry into the program, some eligible households do not participate. PPI's data indicates that eligibility for the program is close to the full owner-occupied housing stock, estimated to be around 421,000 units.[3] Statewide, approximately 326,000 properties received a homestead exemption in 2024, which implies a participation rate of approximately 75%.[4] Their findings demonstrate that the Property Tax Fairness Credit is a progressive form of relief that reaches lower income households and more urban areas, while the homestead exemption is more regressive and has greater participation rates in rural areas, but that both programs provide direct property tax relief to Maine residents at their primary residence.

Progress and Poverty Institute's report included simulated changes to these two property tax relief programs to compare the distributional effects of alternative approaches to property tax relief in Maine. The simulations demonstrated three key findings. First, that lifting the maximum property tax fairness credit amount would be the most direct way to provide property tax relief to households with below-average incomes. Second, an increase to the property tax fairness credit base benefit has more of a concentrated effect in the middle of the income distribution. Third, increasing the homestead exemption has the broadest and flattest effect, meaning that the benefit is spread out more evenly across all income deciles, but that the relative effect at the lower income deciles is smaller than changes made under the property tax fairness credit program.

Following the report from PPI, at the request of members, staff shared additional information about circuit breaker programs, including an overview of common features included in this type of program and examples of these different programs nationwide, as well as a brief history of Maine's circuit breaker programs.

With this initial research and analysis regarding Maine's two primary programs for direct property tax relief for homeowners, the discussion shifted towards next steps. Some members expressed an interest in better understanding a proposal put forward in 2025 by the Honorable Mr. Woodbury, a member of the Task Force, which would provide property tax relief to individuals based on a percentage of income spent on property tax. The proposal put forward was based on the premise of using the funds currently directed towards property tax relief for this expanded program, which would mean ending the homestead exemption program. Members discussed the value of each program, as they both provide a form of relief, but they do so in different ways. When considering where the funding would come from to pay for any increases in property tax relief, some members felt that the money spent on reimbursing municipalities for their lost revenue as a result of the homestead exemption could be better spent on increasing the property tax fairness credit, which does a better job of providing targeted relief to those burdened

[3] Entry into the program requires a one-time application filed 12 months after moving into the home.
[4] Data used to determine eligible units may include property not eligible for the homestead exemption, suggesting a participation rate that is slightly higher. For more information about PPI's methods for estimating HE eligibility, see PPI's May 2026 report.

by property taxes and that some homeowners who receive the homestead exemption would see a financial benefit in an increased property tax fairness credit. On the other hand, members noted the positive public opinion of the homestead exemption and that the relief appears directly on the homeowner's real estate property tax bill, directly reducing their property tax liability, which lead members to agree that any approach considered by the Task Force moving forward should include changes to increase both programs simultaneously.

Members agreed that the goal was to work towards increasing the maximum relief available and to expand the number of taxpayers eligible for relief and to accomplish this through changes to the homestead exemption and the property tax fairness credit program, but members were less certain about how to alter these programs to achieve their goals. Some members favored a significantly larger homestead exemption, with less money going to an increased property tax fairness credit, but as was noted in information provided by Maine Revenue Services, such a large exemption may violate the Maine Constitution. Other Task Force members favored directing more funding towards an increased property tax fairness credit, with a smaller increase to the homestead exemption, because of the more targeted and progressive nature of the program. With these general goals determined, the Task Force directed PPI to conduct additional modeling based on scenarios finalized by the chairs and including a revised version of the proposal shared by the Honorable Mr. Woodbury.

At the November 4th meeting, PPI presented five scenarios focused on revenue-neutral reallocations of existing property tax relief. The general intent of the proposed scenarios was threefold: to shift the tax burden from some taxpayers to others (homesteaders to non-homesteaders), explore reallocation scenarios which both expand the homestead exemption and the property tax fairness credit, and to relieve property tax burdens in a way that is likely to receive broad support. In all five scenarios, funds are reallocated from municipal-level relief to household-level relief, which means that each scenario also raises mill rates. This effectively shifts the tax burden from homestead parcels to other types of property. In designing the scenarios, PPI and the Task Force chairs focused on the following policy goals: reducing the number of households whose property tax burden is greater than 6% of income, progressivity by income decile, popular appeal, consideration of the impacts on non-residential property, and consideration of the rural-urban effects. Each scenario approached these goals differently in terms of how much funding is reallocated and from where the funds are reallocated, as well as the share of the funding directed towards each program and, within the property tax fairness credit itself, the split between increases to the maximum credit versus the benefit base.

After examining the five new scenarios, Task Force members converged around the general policy parameters in scenario 19, which was the scenario modeled on the revised proposal put forward by the Honorable Mr. Woodbury, but disagreed about from where the funds to support these changes should come. The Task Force, therefore, agreed to take up recommendations regarding program structure and funding separately.

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For Task Force consideration November 17, 2026

Regarding program structure, although a majority of the Task Force supports the basic principles that were outlined for scenario 19, members declined to recommend specific dollar amounts or threshold limits for the benefit base and tier-levels anticipating that the joint standing committee of the Legislature with jurisdiction over taxation matters would be best positioned to decide on those parameters. Therefore, a majority of members recommend an increase to the homestead exemption up to twice the current level and amending the property tax fairness credit program to establish a two-tiered credit program where there are different cut-offs for the amount of credit paid at 100% and the amount of credit paid at 50%, as well as increasing the benefit base in a way that reflects median value homes and median incomes and removing all distinction based on family size and age. Members recognized that additional modeling by Maine Revenue Services based on conversations with the joint standing committee of the Legislature with jurisdiction over taxation matters is necessary to determine these details and that how the Legislature decides to fund these changes is an integral part of deciding how to shape these changes.

Members were more divided on from where the funds to pay for these changes should come. Members agreed that individuals who are lower income, individuals with property taxes that represent a large share of their income, and individuals who reside here in Maine and have homesteads are those who should benefit most from recommended changes, but members were less certain about who should pay more as a result of shifting the burden off of these individuals. Some members expressed discontent with how revenue collected through sales, corporate and personal income tax revenues are currently distributed via Revenue Sharing. Some of those dollars end up indirectly providing property tax relief by lowering mill rates to people who may not really need relief, including corporate shareholders and large multinational corporations. Members supporting this idea believe this money would be better spent on direct property tax relief to burdened households and Maine residents' primary homes. Other members expressed concerns around shifting the burden to non-homestead taxpayers, including commercial properties, especially those Maine businesses who provide jobs and other economic benefits to the State. It was noted that an increased burden on commercial properties could result in those costs being passed on to consumers. A few members expressed an interest in trying to find a new funding source for property tax relief, while others expressed an interest in increasing the amount of money going into property taxes by making changes to the types of properties that are exempt from property taxes or that receive an exemption based on their current use. It was suggested by members over the course of the discussion that long-term property tax relief will require the Legislature to consider a suite of recommendations focused not just on direct property tax relief, but on examining the entire system of property tax, from how the system is administered to the cost drivers and revenue opportunities for municipalities, counties and school administrative units.

A majority of Task Force members coalesced behind recommending that changes to the homestead property tax exemption and the Property Tax Fairness Credit program to provide additional direct individual-level property tax relief be funded by using existing funds devoted to

municipal-level property tax relief, including by decreasing the percent reimbursed to municipalities for properties receiving the homestead exemption and by decreasing the percentage of the State's monthly sales, corporate and personal income tax revenues that are set aside for Revenue Sharing I. At the same time, though, a majority of members also recommend that the Legislature consider phasing in changes to these programs that may result in increased costs for other non-homestead property owners and that the Legislature consider synchronizing the implementation of the suite of changes recommended by the Task Force in this report in order to mitigate the impact of shifting the burden of property taxes away from homestead taxpayers and onto non-homestead property taxpayers.

DRAFT

DRAFT RECOMMENDATION
RELATED TO REVENUE SHARING AND SERVICE CENTERS

If supported by a majority of the Task Force: The Task Force recommends that the Legislature examine ways to further assist service center communities financially using a stable source of funding outside of the current revenue sharing mechanism.

Draft narrative for report

Task Force members discussed at length the disproportionate property tax burden that service center communities carry. Service center communities, which vary in population and services provided, may contain educational institutions and municipal or state government offices. These properties are exempt from property taxation, meaning that they consume resources or otherwise "burden" the municipality where they are located, but do not pay the host municipality property taxes. According to data and research by the Progress and Poverty Institute, primary, secondary and small service centers[1] all have effective tax rates about 30% to 40% above non-service center and service center-adjacent municipalities.[2] Progress and Poverty Institute found that small, specialized, secondary and primary service centers fund a heavier service load through their property tax base, which translates into a higher share of income for their residents.[3] Residents of Maine's 24 primary service centers, roughly 5% of the State's 494 jurisdictions, hold 42.8% of the State's nontaxable value and 18.1% of the State's taxable value.[4]

Revenue sharing is legislative mechanism by which the State has recognized that the principal problem of financing municipal services is the burden on the property tax. Five percent of the State's monthly sales, corporate, and personal income tax revenues are set aside the fund the municipal revenue sharing pool. Through a formula set in statute, the State distributes this portion of taxes collected to municipalities to help ease the burden of property taxes. In 2009, the amount of money distributed to municipalities was capped at 5%; it was subsequently decreased to 2%; and then restored to 5%, where it currently stands. Some members felt there was a disconnect between when revenue sharing increased from 3% to 5%. Theoretically, the tax burden should have decreased due to an increased disbursement from the State, but it was not apparent that this was the case. There is no hard data to support the causation, but there was also a global pandemic that made isolating this change more difficult.

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[1] https://legislature.maine.gov/doc/12515 (defined on p. 136)
[2] Ibid; p. 27
[3] Ibid; p. 39
[4] Ibid; p. 72

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An additional revenue sharing formula, commonly called "revenue sharing II," sets aside a portion of the 5% collected and distributes it to the Disproportionate Tax Burden Fund, the statutory purpose of which is to "provide additional support for municipalities experiencing higher-than-average property tax burden," such as service center communities. Members learned in meetings in 2026 that municipalities that do not fit the typical definition of service centers still received "revenue sharing II" funds. Some members questioned whether the formula should be modified to more narrowly target service centers.

Ultimately, because revenue sharing is based off monthly sales, corporate, and personal income tax revenues, the collected revenue is volatile, particularly when there is an economic downturn. The property tax is more stable in raising revenue in that it is more static during economic difficulties.

Therefore, the Task Force recommends that the Legislature continue to examine ways to further financially assist service center communities without attaching that aid to revenue sharing.

DRAFT

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For Task Force consideration November 17, 2026

DRAFT RECOMMENDATIONS
REGARDING MUNICIPAL VALUATION PROCEDURES

Recommendation #14: Minimum assessing standards

If supported by a majority of the Task Force: A majority of the Task Force recommends that the Legislature enact legislation to update the State's minimum assessing standards in Title 36, section 327, for consistency with the International Association of Assessing Officers' most recent standards. A majority of the Task Force also recommends that the Legislature enact legislation to require compliance with the maximum rating of assessment quality in Title 36, section 327, subsection 2, and require a municipality whose rating of assessment quality exceeds the maximum to complete a statistical update. A majority of the Task Force also recommends that the Legislature amend Title 36, section 328, subsection 7, which requires a physical inspection and inventory of each real parcel and personal property account every three years, to permit the use of imaging technology to fulfill the physical inspection and inventory requirement.

Recommendation #15: Financial support program

If supported by a majority of the Task Force: A majority of the Task Force also recommends that the Legislature establish a [time-limited?] financial support program to provide financial assistance to municipalities to get into compliance with the State's minimum assessing standards. The program would also provide technical and financial support for municipalities that recently completed a revaluation to stay in compliance and provide grants to support regionalization of assessing services.

Recommendation #16: Reduction in Revenue Sharing for noncompliance

If supported by a majority of the Task Force: If the Legislature implements the above recommendation, a majority of the Task Force recommends that the Legislature enact legislation to reduce the amount of revenue sharing that a municipality receives if, within three years of the implementation of the financial support program described above, it fails to meet the assessment ratio range required by Title 36, section 327, subsection 1 and has not entered into a contract with an assessing firm. The reduction in Revenue Sharing would be calculated as a loss of 1% of the revenue sharing to which the municipality would otherwise be entitled for each one percentage point the assessment ratio falls outside of the required range.

Draft narrative for report

The Task Force received comments throughout its meetings in 2025 and 2026 regarding the impact of sudden increases in residential real estate assessment values. The Task Force learned that some municipalities were failing to conduct regular revaluations which resulted in much more significant property value increases when a revaluation was conducted. The Task Force also learned that frequent revaluations provide benefits such as improving data quality, reducing significant changes in assessed value, and making taxpayers more aware of the valuation

process.[1] Members also heard of examples of municipalities conducting infrequent revaluations and the impact it has on municipalities, local taxpayers, and public perception of the property tax system.

At its September 29, 2026, meeting, Task Force staff provided the members with an overview of current assessing requirements under Maine law and information regarding other states' requirements. While Maine law requires municipalities to meet a minimum assessment ratio of 70%, not all municipalities are in compliance. In preparing its mid-2026 report to the Task Force, Progress and Poverty Institute (PPI) analyzed 2024 MVR data to determine overall compliance with the State's valuation requirements and reviewed results of a survey distributed by the Maine Municipal Association to assessors within the State. PPI found that 91.1% of Maine jurisdictions are at or above the 70% minimum assessment threshold; however, 42 jurisdictions (8.5%) were below the minimum. The report noted that compliance failures are clustered: 149 municipalities are more than ten years past their last recorded revaluation, and another 139 lack any recorded valuation date at all. Of the jurisdictions with certified ratios below 0.7, PPI found that the large majority are also long overdue for revaluation.[2] The members also learned that the minimum assessing standard of 70% had not been updated since the mid-1970s and the International Association of Assessing Officers recommends that the allowable range be set between 90% and 110%. Maine law also establishes a maximum rating of assessment quality which is a measure of uniformity of appraisal; however, the maximum rating of assessment quality of 20 is not a requirement. The members agreed that updating the requirements in State law for consistency with the International Association of Assessing Officers would bring Maine in line with best practices. Next, the members considered what requirements should be established to ensure that these standards are maintained. The Maine Constitution requires that a general valuation be taken at least once in 10 years and Title 36, section 328, subsection 7 requires physical inspection and inventory of each real parcel and personal property account at least every 4 years. While the members initially considered mandating revaluations or statistical updates at a specified frequency, they determined that the minimum assessing standards are a better measure for when a municipality is not properly valuing its tax base. This determination is consistent with information shared by PPI in its final report based on feedback it received from assessors in the State: "compliance with the certified-ratio standard, not the existence of a periodic full revaluation, is the right operational test."[3] Focusing on enforcing minimum assessing standards would naturally result in statistical updates on an as needed basis and also would avoid requiring a municipality to go through that process if it is already in compliance. Of the two assessment standards in Maine law, the assessment ratio and the maximum rating of assessment quality, the members determined that latter is a better measure to tie to statistical update requirements as that value represents the equity in valuations between properties. The members decided to

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

[2] For a full discussion of PPI's findings, please see Final Report: Research and Analysis for the Maine Real Estate Property Tax Relief Task Force, Progress and Poverty Institute & Center for Land Economics; 5 June 2026 at page 131, available here: https://legislature.maine.gov/doc/12515.

[3] *Id.* at 114.

recommend that State law be amended to require a municipality to conduct a statistical update if it fails to comply with the maximum rating of assessment quality. The members also noted that developments in technology might allow an assessor to more efficiently conduct a physical inspection and inventory in accordance with the 4-year requirement. The members, therefore, recommended that current law be amended to explicitly allow for the use of imaging technology in connection with fulfilling the requirement in Title 36, section 328, subsection 7.

While the members supported enhancing the minimum assessing standards, they also recognized the legitimate challenges faced by some municipalities in conducting more frequent valuations. Some of the challenges to more frequent valuations mentioned by members and presenters before the Task Force included: costs associated with full revaluations; difficulties in finding a firm to perform assessing services; a lack of sufficient recent valuation data and staff to be able to conduct statistical analysis; and a lack of understanding about the importance of frequent revaluations by residents and municipal officials. With some municipalities being far outside of the minimum assessing standards, the members appreciated the challenge in getting back into compliance, particularly due to costs and the availability of qualified personnel. Regionalization could play a part in assisting municipalities, but direct funding could provide more immediate help to complete assessments and, for those municipalities that are in compliance, assistance in the form of training or other technical support to stay in compliance. A majority of members agreed to recommend that the Legislature establish a [time-limited?] program to provide funding to assist municipalities that are outside of the minimum assessing standards to complete assessments to get into compliance. The program would also provide technical and financial support for municipalities that recently completed a revaluation to stay in compliance and provide grants to support regionalization of assessing services.

In light of the Task Force's recommendation to assist municipalities with getting into compliance with the minimum assessing standards, the members felt that a consequence for failing to comply would also be necessary. Current law provides for a reduction in reimbursement for the tree growth current use program for a municipality's failure to meet the minimum assessment ratio; however, a municipality may have few or no properties in the tree growth program, which makes the consequence of little effect. The members discussed other ways in which a municipality could face a consequence for failing to comply with minimum standards; they concluded that a reduction in Revenue Sharing I would have an impact on many municipalities. Because of the variety of reasons for which a municipality might not meet the minimum assessing standards, some of which may be outside of the municipality's control, the members concluded that recommendations related to penalizing non-compliance should be established after a grace period. A majority of the Task Force voted to recommend that the Legislature penalize municipalities that, within three years after the assistance program has been available, are not in compliance with minimum assessing standards and have not contracted with an assessing firm. The penalty would be a reduction in Revenue Sharing I funds to which the municipality would otherwise be entitled and calculated as a percentage point reduction in Revenue Sharing for each percentage point that the municipality is out of compliance.

DRAFT RECOMMENDATION
RELATED TO CURRENT USE PROGRAM AND EXEMPTION REVIEW

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 consider legislation to establish an ongoing statutory review commission charged with examining Maine's current use programs and property tax exemption laws to ensure the programs and laws are serving their legislative purposes.

Draft narrative for report

In meetings in 2025 and 2026, Task Force members discussed Maine's current use programs: the Tree Growth use program, Open Space use program, Farmland use program and Working Waterfront use program. Members also discussed property exempt from taxes, including State property, benevolent and charitable organizations, and literary and scientific institutions. Members received feedback that property tax exemptions and current use programs may warrant a focused review to ensure that they are working in an efficient way, consistent with the policy goals that drove their creation. In its interim report, the Task Force recommended that the Taxation Committee submit legislation to create one or more working groups to review property tax exemptions and current use programs to evaluate whether exemptions and programs continue to meet the purposes for which they were established and are efficient to administer at the local level. In response to this interim recommendation, the 132nd Legislature enacted Public Law 2025, ch. 739. This law requires Maine Revenue Services to administer a survey to assessors on the Tree Growth use program. The survey must collect information from assessors regarding their experiences administering the Tree Growth use program. The results of that survey are due to the Legislature by January 15, 2027.

Members acknowledged the limited time available over the duration of the Task Force to discuss current use programs and exemptions but agreed that it would be beneficial to have the laws examined on a rolling basis so that their effectiveness is consistently evaluated. Members noted that having a variety of experts convene to evaluate the laws and provide input to the Legislature would be helpful. Maine's Legislature is part-time, and joint standing committees may not always have time to study specific issues in depth outside of a legislative proposal. Therefore, members recommend the next Legislature's committee with jurisdiction over taxation matters consider legislation to form an ongoing statutory review commission to examine these programs outside the scope of pending legislation before the Taxation Committee.

Prepared by the Office of Policy and Legal Analysis
For Task Force consideration November 17, 2026

DRAFT RECOMMENDATION REGARDING
REVENUE GENERATING OPPORTUNITIES FOR MUNICIPALITIES

If supported by a majority of the Task Force: A majority of the Task Force recommends that the 133rd Legislature consider expanding revenue-generating opportunities for municipalities, including by allowing municipalities to impose local option taxes such as local option sales tax and lodging tax, broadening service charge applicability, and supporting municipalities' implementation of impact fees.

Draft narrative for report

Over the course of several meetings in 2026, members of the Task Force discussed the limited revenue sources of municipalities beyond the property tax, including service charges and impact fees, and considered the possibility of raising revenues from other sources. A majority of Task Force members agreed to request information from the Department of Administrative and Financial Services, Bureau of Revenue Services, Office of Tax Policy and the Office of the Attorney General as to whether there are any constitutional limitations or other legal issues that would impact the State's ability to authorize municipalities or counties to impose local option sales taxes. The Office of Tax Policy presented a memorandum to the Task Force addressing this question and describing the answer as unclear. As explained in the memorandum, the Legislature does not have the right to authorize additional or different local option *property* taxation programs; however, no cases have examined the question in the context of local option *sales* taxes. In 2019, as further explained in the memorandum, the Attorney General issued an opinion on this subject concluding that "certain bills authorizing municipalities to enact local option sales taxes may be upheld as a valid exercise of the Legislature's right to delegate [the power of taxation] to municipalities." There have been no relevant cases or other developments since 2019 that would change this analysis. At a subsequent meeting, a member of the Task Force proposed that the Task Force include in its report a recommendation that the 133rd Legislature consider expanding revenue-generating opportunities for municipalities, including by allowing municipalities to impose local option taxes such as local option sales tax and lodging tax, broadening service charge applicability, and supporting municipalities' implementation of impact fees. A majority of the Task Force agreed with this proposal.

Prepared by the Office of Policy and Legal Analysis
For Task Force consideration November 17, 2026

Municipal Revenue Sources Proposal for Review of Property Tax Exemptions and Current Use Programs

Submitted by Sen. Nicole Grohoski, 11/16/26

Background: Language from Task Force's interim report

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

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

Review Structure:

- Permanent in statute, does not require additional legislative approval.
- Initial reviews (faster timeline than ongoing reviews) to happen in interim:
    - 2027: exempt property of institutions and organizations (all of §652, covering each category of exempt organization)
    - 2028: tree growth (§§571 through 584-A), farm and open space (§§1101 through 1121), working waterfront (§§1131 through 1140-C)
    - 2029: BETE (§§691 through 700-B)
- Ongoing review timing, ten-year cycle on odd-years:
    - 2037: §652 Exemptions
    - 2039: Current use
    - 2041: BETE

Annual timeline for ongoing reviews

1. OPLA staff purpose memo (see next section) delivered to the Taxation Committee by April 1 in the first regular session (odd year).
2. By adjournment of the first regular session: the Taxation Committee confirms or revises each purpose statement and designates any special-focus topics.
3. Within 60 days after adjournment: appointments are made and the group convenes.

4. Summer through fall: at least 4 public meetings with a public comment opportunity.
5. By the start of the second session (probably December due date): the group delivers its report to the Taxation Committee.
6. Second regular session: the Taxation Committee reviews the report and may report out legislation (statute to authorize).

Purpose process

- Staff purpose memo. OPLA staff prepare a memo for each exemption area at the start of its cycle covering:
    - the purpose as stated in statute, if any
    - the constitutional basis, if any
    - the legislative history and key amendments
    - any purpose or goals identified in prior reviews
- Committee action. The Taxation Committee considers public comment on the purpose statement, and confirms or revises each purpose statement before the working group begins. If it takes no action by the deadline, the staff statement stands.
- Working group duty. For each exemption category in its area, the group considers whether the purpose should be defined or refined in statute. For this duty, "category" means each program (Farmland and Open Space separately; Tree Growth; Working Waterfront; BETE) and, for §652, each category of exempt organization in the section.
    - Where it concludes yes, the group proposes purpose language in its report.
    - The group also considers whether measurable goals or performance indicators should accompany the purpose, and what data would be needed to track them. [OPEGA's BETE evaluation found that unstated goals were a barrier to evaluation.]
- The Taxation Committee reviews recommendations regarding purpose from the working group in second regular session.

Working Group Membership

[This is intended as a general framework, not a fully delineated list of exact number of seats matched with exact expertise.]

- Fixed seats: Taxation Committee members from each chamber and each party (4 members), Maine Revenue Services (non-voting), and municipal assessors and the Maine Municipal Association.
- Program seats listed in statute by area:
    - Tree Growth: small and industrial woodland owners and the Maine Forest Service
    - Farm and Open Space: farmers, conservation and land trust interests, and the Department of Agriculture, Conservation and Forestry
    - Working Waterfront: harbor and fishing interests, Department of Marine Resources
    - BETE: business and industry, Department of Economic and Community Development
    - §652: a broader set of seats for nonprofit, religious, veterans', fraternal, labor,

chamber, hospital, literary/scientific and/or housing interests

Working Group Staffing

- OPLA staffing, interim only. Taxation Committee should consider whether to request OPEGA evaluation of current use and exemption programs (currently, OPEGA evaluates BETE).

Review scope

Required starting materials (all areas)

- The prior cycle's report and the Taxation Committee's response
- Existing evaluations or other relevant work from OPEGA and the Government Oversight Committee
- Reviews under the Tax Expenditure Review Law
- MRS tax expenditure reporting and relevant bulletins
- Legislative changes since the last review

BETE specifically. The group starts from the latest OPEGA evaluation, the Government Oversight Committee's review, and the Taxation Committee's follow-up. It supplements them with updated data from MRS and avoids repeating completed analysis.

Common criteria for every area

- The original and current purpose, and whether it's still appropriate in the current economic and land-use context (review current state economic development plan)
- Intended beneficiaries versus actual beneficiaries
- Enrollment and participation trends; are the programs/exemptions easy/hard to access for those who are eligible?
- Tax base reduction and shifted burden
- State fiscal impact, including any reimbursement
- Administrative burden and cost to municipalities and the state
- Compliance, withdrawal, and appeal data
- Consistency of application across municipalities
- Overlap or interaction with other programs
- Whether the behavior would have occurred anyway
- Whether eligibility adjustments would better target desired behavior
- Comparisons with other states

Area-specific considerations:

- Tree Growth: valuation methodology, plan certification, reporting.
- Farmland: eligibility thresholds, income reporting, valuation guidelines.
- Open Space: how public benefit is determined, the stacking of discounts, public access and managed forest verification, and the acreage cap.
- Working Waterfront: fit between enrollment and purpose, valuation approach. The

assessor report due Dec. 31 of odd years lands at the end of the review year, so require MRS to provide the most recent one and its data.
- BETE: eligibility complexity, municipal administrative cost and mandate reimbursement, and reimbursement accounting.
- §652: the criteria and assessor determinations for each category, annual or periodic requalification, reporting, and the data from the assessors' five-year inventory of exempt property. Review conditions such as profit and housing limits.

Special focus. The Taxation Committee can identify specific topics by the end of the first session. The group must consider them but isn't limited to them.

The working group is encouraged to solicit public comment.

Report and follow-through

- The report includes findings against each criterion, purpose proposals, options or recommendations, and optional draft legislation. Working group chairs can decide if both majority and minority recommendations are reported.
- The Taxation Committee records its response, for example a short summary of action taken, and the report feeds the next cycle's starting materials.

Data and cost

- MRS, the Department of Agriculture, Conservation and Forestry, and municipalities provide existing data on request. Avoid new mandatory reports from agencies.
- Legislator per diem, mileage reimbursement and/or per diem for working group members who are not compensated by their employers for participation, OPLA staffing.