



# 126th MAINE LEGISLATURE

LD 73

LR 602(01)

## An Act To Exempt Persons 65 Years of Age or Older Whose Income Is below the Poverty Line from Paying Property Taxes on Their Homes

### Preliminary Fiscal Impact Statement for Original Bill

Sponsor: Rep. Beaudoin of Biddeford

Committee: Taxation

Fiscal Note Required: Yes

### Preliminary Fiscal Impact Statement

State Mandate - Unfunded

Current biennium cost increase - General Fund

#### State Mandates

##### Required Activity

Municipalities will administer a new property tax exemption for homesteads of persons 65 years of age or older and whose income is below certain poverty thresholds. Activities include reviewing and determining which properties are eligible for the exemption, updating tax records and other associated administrative duties.

##### Unit Affected

Municipality

##### Local Cost

Insignificant statewide

The required local activities in this bill may represent a State mandate pursuant to the Constitution of Maine. Unless General Fund appropriations are provided to fund at least 90% of the additional costs or a Mandate Preamble is amended to the bill and two-thirds of the members of each House vote to exempt this mandate from the funding requirement, municipalities may not be required to implement these changes.

#### Fiscal Detail and Notes

Pursuant to Article IV, Part Third, Section 23 of the Maine Constitution the state is required to annually reimburse municipalities for 50% of property tax revenue lost by municipalities for state imposed property tax exemptions or credits. Similar legislation introduced in the 124th Legislature was estimated to require between \$2,000,000 and \$4,000,000 annually to cover the necessary 50% state reimbursement. As that bill was more restrictive in its eligibility qualifications it is anticipated that Maine Revenue Services may require a higher annual appropriation to satisfy the constitutional reimbursement.

Reimbursement for lost property tax revenue does not address the mandated activities.