

OFFICE OF FISCAL AND PROGRAM REVIEW

Date: February 14, 2013

To: Members, Joint Standing Committee on Taxation

From: Elizabeth Cooper, Legislative Analyst

LD 73, 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

Summary: This bill provides an exemption from property taxes for the homestead of a person who is 65 years of age or older and whose income is below certain poverty thresholds.

Public Hearing:

Proponents

- The sponsor presented the bill and provided written testimony. Representative Chipman testified in support; written testimony was submitted by Representative Grant.
- *Major points:* difficult for seniors living on fixed income; there are similar laws in other states; goal is to prevent seniors from having to sell homes; issues of equity and fairness - amount of property tax bill in relation to income.

Opposed

- Representatives from Maine Municipal Association and Maine Municipal Tax Collectors' and Treasurers' Association testified in opposition to the bill.
- *Major points:* new exemptions increase burden for other taxpayers; relief programs including the homestead exemption, the circuitbreaker program and tax abatement are available; municipalities are required to include abatement information on lien notices.

NFNA - none

Similar bills: 124th - LD 166; 122nd – LD 1708

Fiscal Information: The preliminary fiscal impact statement indicates that the requirement for municipalities to administer the property tax exemption represents a State mandate. In addition, the requirement for the State to reimburse 50% of property tax revenue lost represents a cost to the State of at least \$2 million to \$4 million.