



INFORMATION ON PROPERTY TAX BILLS

If a municipality issues property tax bills to taxpayers, 36 M.R.S. § 507 requires certain information be included. This information includes: 1) the amount by which the taxpayer's tax has been reduced by certain state distributions/reimbursements; 2) the percentage of local property taxes distributed to education, and to local, county, and state government; 3) the outstanding bonded indebtedness of the issuing municipality as of the date the bill is issued; and 4) the date interest will begin to accrue on delinquent taxes.

1) Reductions to tax

Each tax bill must state "bill must contain a statement or calculation that demonstrates the amount or percentage by which the taxpayer's tax has been reduced by the distribution of state-municipal revenue sharing, state reimbursement for the Maine resident homestead property tax exemption and state aid for education."

Municipalities may satisfy this statutory requirement by issuing property tax bills that include a statement substantially similar to one of the following:

AS A RESULT OF STATE PAYMENTS TO THE MUNICIPALITY THROUGH THE STATE-MUNICIPAL REVENUE SHARING PROGRAM, THE HOMESTEAD EXEMPTION REIMBURSEMENT, AND STATE AID TO EDUCATION, YOUR PROPERTY TAX BILL HAS BEEN REDUCED BY _____ (\$ or)

or:

WITHOUT STATE AID FOR EDUCATION, HOMESTEAD EXEMPTION REIMBURSEMENT AND STATE-MUNICIPAL REVENUE SHARING, YOUR TAX BILL WOULD HAVE BEEN _____ HIGHER.

Municipalities may state the reduction either as a percentage of the taxpayer's bill or a dollar amount. The percentage is determined by dividing the total amount of state aid dollars received from state-municipal revenue sharing, homestead exemption reimbursement, and state aid to education by the total tax commitment *plus* the total amount of state aid dollars received from all sources, including, but not limited to Business Equipment Tax Exemption, tree growth tax law, veteran exemption, and renewable energy exemption reimbursements. To calculate the reduction, use the following calculation:

Homestead reimbursement	(1) _____
Municipal revenue sharing	(2) _____
State aid to education	(3) _____
Numerator: (1) + (2) + (3) =	(4) _____
Tax commitment	(5) _____
All other state reimbursements	(6) _____
Denominator: (4) + (5) + (6) =	(7) _____
Reduction decimal: (4) ÷ (7) =	(8) 0. _____

Convert decimal to percentage by multiplying by 100

To state this in a dollar amount, multiply the reduction decimal on line 8 by the amount of the tax bill, then divide that result by one minus the reduction decimal. For example, if the tax bill is \$2,000 and the reduction decimal on line 8 is 0.12 (12%), then the dollar amount of the reduction is:

$$\begin{aligned}
 & (\text{Tax bill} \times \text{reduction decimal}) \div (1 - \text{reduction decimal}) = (\$2,000 \times 0.12) / (1 - 0.12) \\
 & = \$240 / 0.88 = \mathbf{\$273}
 \end{aligned}$$

2) Distribution to education and government

Each tax bill must include the percentage of local property taxes distributed to education, and to local and county, and state government.

These percentages are determined by dividing each of the components — local education appropriation, municipal appropriations (including any TIF financing plan amounts), and county tax— by the total assessments. The process is illustrated in the calculation sequence example below.

Assessments:			
1. County tax	\$ 340,500	<i>line 1 ÷ 5 =</i>	5.84%
2. Municipal appropriation	\$ 2,800,000	<i>line (2+3) ÷ 5 =</i>	48.67%
3. TIF financing plan amount	\$ 36,000		
4. Local education appropriation <i>(local share/contribution)</i>	\$ 2,650,000	<i>line 4 ÷ 5 =</i>	45.48%
5. Total assessments	<u>\$ 5,826,500</u>		

3) Indebtedness

Each tax bill must include the outstanding bonded indebtedness of the municipality as of the date the tax bill is issued.

4) Due date and interest

Each bill must include the date interest will begin to accrue on delinquent taxes.

Additional information

For a current estimate of your municipality's state-municipal revenue sharing, visit the State Treasurer's website: www.maine.gov/treasurer/revenue-sharing/projections. For state aid to education, visit the Department of Education website at: www.maine.gov/doe/funding/gpa/eps.

For all other information please write or call:

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