

## ENACTED PROPERTY TAX LEGISLATION – 2023 SESSION

### Current Use Programs

**Calculation of farmland withdrawal penalty.** Reverts a recent change in the penalty for withdrawing land from farmland tax classification such that the penalty is the recapture of the taxes that would have been paid on the land for the past 5 years if it had not been classified as farmland, less all taxes that were actually paid during those 5 years, and interest at the rate set by the town during those 5 years on delinquent taxes. Effective October 25, 2023. L.D. 1808; P.L. 2023, c. 441, Sec. G-2.

**Working waterfront eligibility.** Expands the types of entities that may hold working waterfront covenants to include nonprofits whose purposes include retaining or protecting coastal community values, culture or heritage, coastal habitat, or real property that provides coastal water access. Effective October 25, 2023. L.D. 574; P.L. 2023, c. 70.

### Municipal Reimbursement

**Homestead exemption reimbursement.** Fixes the rate of State reimbursement to municipalities for homestead exemptions at 76% beginning on April 1, 2023. Previously, the reimbursement percentage was set to increase by 3% annually until it reached 100%. Effective October 25, 2023. L.D. 258; P.L. 2023, c. 412, Part II.

### Tax Assistance

**Sunset of Property Tax Stabilization Program.** The program now only applies to the property tax year beginning April 1, 2023. Effective October 25, 2023. L.D. 258; P.L. 2023, c. 412, Part S, Section 10.

**Clarification of income/asset limitations for the State Property Tax Deferral Program.** Clarifies the definition of “household income” and specifies that the income and asset limitations of the state property tax deferral program apply to all owners of the property. Effective October 25, 2023. L.D. 283; P.L. 2023, c. 360, Part A. Sec. A-11, A-12, and A-13.

**Payment due date under the State Property Tax Deferral Program.** Changes the payment due date for the homestead property tax deferral program for senior citizens from April 30th of the calendar year following the year in which the property exited the program to 12 months after the property exited the program and changes the date by which an extension must be requested from August 15th of the calendar year following the year in which the property exited the program upon a death to 12 months after the property exited the program. Effective October 25, 2023. L.D. 1808; P.L. 2023, c. 441, sec. B-5.

**Expanded eligibility for the State Property Tax Deferral Program.** For applications filed after January 1, 2024, the household income limitation increases to \$80,000, and the liquid asset limitation increases to \$100,000 (or \$150,000 for individuals filing a claim jointly). Municipal liens are now permissible if there are no more than two years of delinquent property taxes at the

time of the application for deferral. Effective October 25, 2023. L.D. 258; P.L. 2023, c. 412, Part S, Sections 6-9.

### **Unorganized Territory**

**Conveyance of state interest in certain real estate in the unorganized territory.** The resolve authorizes the State Tax Assessor to sell certain tax-acquired parcels located in the unorganized territory. Effective April 10, 2023. L.D. 6; P.L. 2023, c. 11.

**Drew Plantation municipal deorganization.** The Legislature has approved a request by Drew Plantation to proceed with the deorganization of that municipality. Once the process is completed, Drew will become part of the unorganized territory, which is administered by the State. Effective April 10, 2023. L.D. 49; P.L. 2023, c. 2.

**Municipal cost component for 2023-24 fiscal year.** The law is part of the routine annual process for establishing the costs of administering the unorganized territory of Maine. The costs approved by the Maine Legislature must be incorporated into the 2023 property tax levy in the unorganized territory. The unorganized territory property tax is collected as dedicated revenue to the Unorganized Territory Education and Services Fund. Effective June 12, 2023. L.D. 1308; P.L. 2023, c. 150.

### **Exemptions**

**“Just value” for parsonage and personal property exemptions.** Clarifies that the fixed-dollar parsonage and personal property exemptions for houses of religious worship are based on just value. Effective October 25, 2023. L.D. 283; P.L. 2023, c. 360, Part A, Sec. A-6.

**Exclusion of non-individuals from the veterans’ property tax exemption.** Clarifies that only individual taxpayers, rather than other taxpaying entities not identified by the statute, qualify for veterans’ property tax exemptions. Additionally, it removes gender-specific terms in provisions that govern veterans’ property tax exemptions. Effective October 25, 2023. L.D. 283; P.L. 2023, c. 360, Part A, Sec. A-7, A-8, A-9.

**Eligibility for veterans’ property tax exemption.** Simplifies eligibility for the property tax exemption for veterans who served in a federally recognized war period or received an expeditionary medal by removing the distinction between different expeditionary medals. Effective July 26, 2023. L.D. 1808; P.L. 2023, c. 441, sec. B-1.

**Eligibility for veteran’s adaptive housing exemption.** Simplifies the veteran’s property tax exemption for those who received a federal grant to adapt their homes by removing the distinction between expeditionary medals. Effective July 26, 2023. L.D. 1808; P.L. 2023, c. 441, Sec. B-2.

**Calculation of Business Equipment Tax Exemption (“BETE”).** Adjusts the personal property factor calculation used to determine state business equipment tax exemption reimbursement rates to exclude business personal property exempt from property taxation for reasons other than the

business equipment tax exemption. Effective July 26, 2023. L.D. 1808; P.L. 2023, c. 441, Sec. B-3.

### **State Valuation**

**Calculation of equalized tax rate.** Clarifies that a municipality's equalized tax rate of residential property is the equalized full value tax rate when calculating qualification for sudden and severe disruption assistance. Effective October 25, 2023. L.D. 283; P.L. 2023, c. 360, Part A, Sec. A-4.

### **Real Estate Transfer Tax**

**Exempt transfers to trustees, nominees and straw parties.** Clarifies when property transfers to trustees, nominees and straw parties are exempt from the real estate transfer tax, and other textual changes. Effective October 25, 2023. L.D. 283; P.L. 2023, c. 360, Part A. Sec. A-10.

### **Tax Increment Financing**

**Use of tax increment financing funds for constructing or renovating certain municipal buildings.** This bill permits revenue from tax increment financing districts to be used for the construction or renovation of municipal offices or other municipal buildings when the legislative body of the municipality determines that certain conditions are met. The bill limits the revenue that may be used for these purposes during a 20-year period for any one tax increment financing district. Effective October 25, 2023. L.D. 286; P.L. 2023, c. 142.

**Expenditure of accumulated tax increment revenues.** Authorizes tax increment revenues to be used for certain identified purposes after the date a development district ends, including the eventual return to the municipalities general fund with a corresponding tax shift adjustment implemented with MRS. Effective October 25, 2023. L.D. 1644; P.L. 2023, c. 203.

### **Administrative/Miscellaneous**

**Return of excess funds from the sale of tax-acquired property.** In response to the recent United States Supreme Court ruling in *Tyler v. Hennepin County*, a statute that previously applied only to qualifying seniors was amended to allow all former owners of tax-acquired property to request an alternative sales process. Any excess proceeds from the sale, after deducting certain taxes, costs, and fees, must be paid to the former owner of the property. Effective June 30, 2023. L.D. 101; P.L. 2023, c. 358.

**Assessment manual.** Removes the requirement that updates to the property tax assessment manual be made by the State Tax Assessor by rule. Effective October 25, 2023. L.D. 283; P.L. 2023, c. 360, Part A, Sec. A-5.

**Disclosure of confidential information to the State Board of Property Tax Review.** Allows for the disclosure of certain confidential information to the State Board of Property Tax Review. Effective October 25, 2023. L.D. 283; P.L. 2023, c. 360, Part A. Sec. A-1 – A-3.