

INFORMATION ON PROPERTY TAX BILLS

Title 36, section 507 requires certain information be included when a municipality issues a property tax bill to a taxpayer. This 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.

Reduction due to state distributions/reimbursements

Section 507 requires that each "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 which include a statement substantially similar to the following:

AS A RESULT OF THE MONEY OUR MUNICIPALITY RECEIVES FROM THE STATE LEGISLATURE THROUGH THE STATE MUNICIPAL REVENUE SHARING PROGRAM, HOMESTEAD AND BETE EXEMPTION REIMBURSEMENT, AND STATE AID TO EDUCATION, YOUR PROPERTY TAX BILL HAS ALREADY BEEN REDUCED BY _____%

The percentage is determined by dividing the total amount of state aid dollars received (revenue sharing, homestead exemption reimbursement, and education subsidy) by the total tax commitment *plus* the total amount of state aid dollars received. The process is illustrated by the calculation sequence and the supporting example below (using this method the percentage is calculated by dividing line (5) by line (7) and multiplying that result by 100; the answer is 33.3%).

Homestead reimbursement	(1) _____
BETE reimbursement	(2) _____
Revenue sharing	(3) _____
Education subsidy	(4) _____
(1) + (2) + (3) + (4) =	(5) _____
Tax commitment	(6) _____
(5) + (6) =	(7) _____
(5) ÷ (7) =	0. _____
Convert decimal to percentage	
x 100 =	%

EXAMPLE	
Homestead reimbursement	(1) <u>50,000</u>
BETE reimbursement	(2) <u>25,000</u>
Revenue sharing	(3) <u>100,000</u>
Education subsidy	(4) <u>200,000</u>
(1) + (2) + (3) + (4) =	(5) <u>375,000</u>
Tax commitment	(6) <u>750,000</u>
(5) + (6) =	(7) <u>1,125,000</u>
(5) ÷ (7) =	0. <u>3333</u>
Convert decimal to percentage	
x 100 =	33.3% This is the reduction

Alternatively, municipalities may also satisfy the law by using the following statement:

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

Using this method and information in the example, the percentage is calculated by dividing line (5) by line (6) and multiplying that result by 100. In the example, the answer is 50.0%.

The decision of which statement to use is at the discretion of the individual municipality.

Percentage distribution of local property taxes

Additionally, each bill is required to indicate the percentage of local property taxes distributed to education, and to local, 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. Because no local property tax levies are directly appropriated to state government, the state component is zero and is not part of the calculation. 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	\$ 5,826,500		

Outstanding indebtedness

Each bill issued must indicate the outstanding bonded indebtedness of the issuing municipality as of the date the bill is issued.

Interest date

Each bill issued must clearly state the date interest will begin to accrue on delinquent taxes. Please note that the maximum rate that may be charged for 2020 tax assessments is **9.00%** simple interest.

Additional information

For a current estimate of your municipality's revenue sharing, visit the State Treasurer's website: www.maine.gov/treasurer/revenue_sharing/projections.html For education subsidy 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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