

# RESTRUCTURING MAINE'S PROPERTY TAX SUPPORT FOR SENIORS

## LD 290: Senior Property Tax Stabilization Program

### THE OLD PROGRAM

- Permanent Maine residents 65 and over could have their property taxes frozen if they have owned a home for 10 years and were eligible for the homestead exemption
- The frozen rate could be transferred from one property to another if the eligible resident moved to another Maine municipality, no matter the rate
- Applications had to be filed annually, otherwise the bill for the next tax year would revert to the "normal" amount of tax
- The state was responsible for reimbursing municipalities for the lost revenue

## LD 130: Expanded Property Tax Deferral Program and Property Tax Fairness Credit

### A NEW APPROACH

- Repeals the Property Tax Stabilization Program and expands the Property Tax Deferral Program (PTD) and Property Tax Fairness Credit (PTFC)
- The PTD program allows certain individuals to postpone payment of the property taxes on their homes until they pass away, move or sell their property
- LD 130 raises maximum income for PTD from \$40,000 to \$80,000 and increases the maximum asset test to \$100,000
- Those who receive the PTFC get back a portion of the property taxes or rent paid each year as a credit on their state income tax return.
- LD 130 increases the PTFC for Mainers 65 or older from \$1,500 to \$2,000
- Establishes a new Maximum Benefit Base for those 65 or older at \$4,000 and indexes it to inflation

**Bottom line:** while well intentioned, the Property Tax Stabilization Program established by LD 290 had significant flaws.

*The program was not sustainable and did not target relief to those who actually need it. It did not include income limits or limits based on property value, allowing wealthy Mainers to take advantage of the program while passing the costs along to other taxpayers. As more people froze their property taxes, municipalities would face significant revenue shortfalls – a gap that the state would need to help fill.*

*LD 130 achieves the goals of LD 290 while practicing fiscal responsibility and while ensuring that additional tax relief targets older Mainers who truly need it.*

