

Governor LePage's Proposed Cuts to Homestead Exemption Would Raise Property Taxes for Maine Homeowners

Facts & Figures

\$23,000

Avg tax cut for Top 1% under LePage budget

80%

Percent of Maine families seeing a tax increase under LePage budget

\$15.64

Avg mil rate for Maine communities in 2015

\$12.78

Avg mil rate for Maine communities in 2010

\$1,000,000,000

Amount of property taxes needed to compensate for state underfunding local education, since 2011

69%

Percent of homeowners in Maine below the age of 65

213,000

Number of homeowners losing their Homestead Exemption under LePage budget

\$313

Avg property tax reduction from the Homestead Exemption

Governor LePage's budget would repeal the homestead exemption and increase property taxes for an estimated 213,000 Maine homeowners by more than \$300 on average. Particularly hard hit would be homeowners living in towns with high mil rates and low income homeowners who have a larger portion of their property tax bill shielded by the homestead exemption.

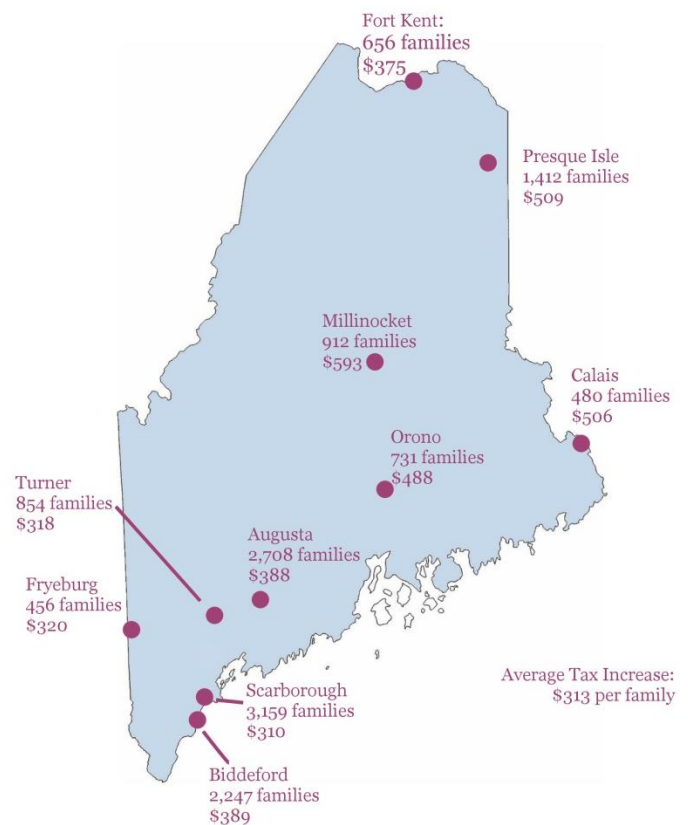
The property tax increases resulting from the elimination of the homestead exemption proposed in the governor's budget do not pay for better schools, or fixing potholes, or paying firefighters. Instead the governor shifts more cost onto Maine homeowners, fails to fully fund education like voters just demanded, and cuts even more funding from local towns to pay for huge tax cuts for the wealthiest Mainers.

Homeowners Across Maine Are at Risk

Approximately 213,000 Maine homeowners are at risk of higher property taxes if the governor succeeds in repealing the homestead exemption for homeowners under age 65.

The value of the homestead exemption varies by town, and depends on a town's property tax rate (also known as the 'mil rate'). In 2017, those who qualify receive a reduction of \$20,000 in the taxable value of their home.

Property Tax Increases and Number of Families Affected for Select Towns



According to Maine Revenue Services data, the average property tax rate in 2015 was 15.64 mils (\$15.64 per \$1,000 of property value), which values the homestead exemption at $15.64 \times 20 = \$312.80$. For residents of a town with a property tax rate of 12 mils, the exemption is worth \$240 annually; for residents of a town with a property tax rate of 20 mils, the exemption is worth \$400 annually. Eliminating the program would therefore increase property taxes by a similar amount.

Homeowners in Towns with Struggling Economies Will Likely See Even Greater Property Tax Increases

Property taxes have risen significantly over the last several years even as municipal leaders have cut and thinned out local budgets. State cuts to revenue sharing, elimination of the old circuit breaker program, and other state policies like failure to fully fund education have all taken their toll on municipalities' abilities to keep property taxes affordable.

Towns with struggling economies are even worse off. They tend to have higher tax rates to compensate for reduced property values and higher demand on services. The highest mil rates in the state can be found in towns like East Millinocket, Waterville, Lewiston, and Eastport. The repeal of the homestead exemption would therefore have a greater impact on homeowners in those communities, where residents already feel pinched. Appendix A provides data by town on property tax increases and number of homeowners affected.

Tax Fairness at Stake

The homestead exemption is an important tool for improving tax fairness by reducing a greater share of property taxes paid by low-income homeowners. That's because low-income Mainers tend to have houses valued less than high-income Mainers. While the homestead exemption shields the first \$20,000 in home value from taxation for all eligible homeowners, low-income homeowners ultimately pay taxes on a smaller share of their home value. This means that the homestead exemption reduces effective property tax rates most for low-income homeowners.

In addition, the governor's budget uses the money saved by eliminating the homestead exemption to help pay for income tax cuts for wealthy Mainers. The combined effects of these changes means that low- and middle-income Mainers will pay a greater share of their income in state and local taxes than before, while upper-income Mainers will pay less.

Conclusion

The governor's proposal to cut income taxes for wealthy Mainers while raising property taxes for homeowners under the age of 65 is a step in the wrong direction. It shifts more costs onto low- and middle-income families already stretched by rising costs and stagnant wages. It also makes Maine's tax system even more unfair than it was before. Wealthy families already pay a smaller share of their income in state and local taxes than everyone else. This proposal distorts that picture even more.

Governor LePage's upside down tax plan is not the recipe for a thriving economy that works for everyone. It undermines our ability to invest in a stronger workforce, help young families succeed, build modern infrastructure, provide services our communities rely on, and address the priorities that benefit all Mainers now and in the future. Mainers, especially those who are working hard to make ends meet, deserve better.

Appendix A: Town by Town Summary of Average Property Tax Increases and Number of Households Affected if Governor LePage's Proposed Homestead Exemption Repeal Passes

Androscoggin County

Auburn	\$425	3,402
Durham	\$348	667
Greene	\$285	738
Leeds	\$327	377
Lewiston	\$547	4,259
Lisbon	\$472	1,595
Livermore	\$320	523

Livermore Falls	\$422	482
Mechanic Falls	\$428	502
Minot	\$312	464
Poland	\$284	1159
Sabattus	\$358	911
Turner	\$318	854
Wales	\$330	286

Aroostook County

Allagash	\$272	63
Amity	\$350	59
Ashland	\$550	280
Blaine	\$540	162
Bridgewater	\$320	132
Caribou	\$449	1,490
Cary Plt	\$503	52
Castle Hill	\$292	102
Caswell	\$535	68
Chapman	\$276	113
Crystal	\$365	71
Cyr Plt	\$280	22
Dyer Brook	\$278	47
Eagle Lake	\$330	160
Easton	\$348	233
Fort Fairfield	\$490	675
Fort Kent	\$375	656
Frenchville	\$505	273
Garfield Plt	\$17	23
Glenwood Plt	\$88	1
Grand Isle	\$585	116
Hamlin	\$170	54
Hammond	\$376	21
Haynesville	\$400	30
Hersey	\$314	17
Hodgdon	\$430	274
Houlton	\$435	952
Island Falls	\$427	149

Limestone	\$485	290
Linneus	\$369	203
Littleton	\$360	206
Ludlow	\$344	108
Macwahoc Plt	\$130	20
Madawaska	\$372	786
Mapleton	\$296	424
Mars Hill	\$330	233
Masardis	\$340	57
Merrill	\$350	67
Monticello	\$400	191
Moro Plt	\$304	12
Nashville Plt	\$42	10
New Canada	\$380	72
New Limerick	\$170	124
New Sweden	\$418	128
Oakfield	\$359	159
Orient	\$218	30
Oxbow Plt	\$460	15
Perham	\$346	76
Portage Lake	\$265	102
Presque Isle	\$509	1412
Reed Plt	\$284	33
Saint Agatha	\$370	184
Saint Francis	\$475	110
Saint John Plt	\$164	63
Sherman	\$400	190
Smyrna	\$340	82

Source: MECEP analysis of Maine Revenue Services data.

Appendix A (continued): Town by Town Summary of Average Property Tax Increases and Number of Households Affected if Governor LePage's Proposed Homestead Exemption Repeal Passes

Aroostook County (cont.)

Stockholm	\$348	56
Van Buren	\$530	385
Wade	\$380	60
Wallagrass	\$290	122
Washburn	\$570	334

Westfield	\$432	105
Westmanland	\$230	16
Weston	\$352	59
Winterville Plt	\$252	58
Woodland	\$400	267

Cumberland County

Baldwin	\$255	240
Bridgton	\$275	836
Brunswick	\$567	3,053
Cape Elizabeth	\$338	1,548
Casco	\$298	535
Chebeague Island	\$310	0
Cumberland	\$362	1,250
Falmouth	\$293	1,800
Freeport	\$336	1,214
Frye Island	\$457	6
Gorham	\$326	2,436
Gray	\$366	1,344
Harpswell	\$125	975
Harrison	\$223	414

Long Island	\$154	43
Naples	\$271	662
New Gloucester	\$293	885
North Yarmouth	\$350	711
Portland	\$413	5,990
Pownal	\$715	267
Raymond	\$239	698
Scarborough	\$310	3,159
Sebago	\$262	268
South Portland	\$348	3,846
Standish	\$256	1,562
Westbrook	\$359	2,562
Windham	\$303	3,094
Yarmouth	\$431	1,108

Franklin County

Avon	\$312	100
Carrabassett Valley	\$135	77
Carthage	\$300	140
Chesterville	\$326	266
Coplin Plt	\$155	28
Dallas Plt	\$158	80
Eustis	\$264	128
Farmington	\$376	1,017
Industry	\$260	175
Jay	\$345	1,022

Kingfield	\$350	210
New Sharon	\$316	244
New Vineyard	\$300	144
Phillips	\$432	182
Rangeley	\$229	187
Rangeley Plt	\$90	38
Sandy River Plt	\$107	32
Strong	\$294	243
Temple	\$390	113
Weld	\$157	106
Wilton	\$375	720

Source: MECEP analysis of Maine Revenue Services data.

Appendix A (continued): Town by Town Summary of Average Property Tax Increases and Number of Households Affected if Governor LePage's Proposed Homestead Exemption Repeal Passes

Hancock County

Amherst	\$274	66
Aurora	\$390	21
Bar Harbor	\$212	610
Blue Hill	\$200	413
Brooklin	\$144	141
Brooksville	\$112	157
Bucksport	\$342	769
Castine	\$191	136
Cranberry Isles	\$199	33
Dedham	\$349	298
Deer Isle	\$438	322
Eastbrook	\$458	99
Ellsworth	\$354	1,232
Franklin	\$204	281
Frenchboro	\$250	14
Gouldsboro	\$169	367
Great Pond	\$84	11
Hancock	\$207	453
Lamoine	\$202	300

Mariaville	\$312	96
Mount Desert	\$142	397
Orland	\$274	386
Osborn	\$320	17
Otis	\$188	118
Penobscot	\$216	230
Sedgwick	\$205	226
Sorrento	\$164	57
Southwest Harbor	\$257	287
Stonington	\$343	201
Sullivan	\$235	257
Surry	\$145	311
Swans Island	\$214	82
Tremont	\$188	299
Trenton	\$204	295
Verona	\$238	105
Waltham	\$276	80
Winter Harbor	\$190	99

Kennebec County

Albion	\$310	424
Augusta	\$388	2,708
Belgrade	\$273	618
Benton	\$270	544
Chelsea	\$360	555
China	\$312	876
Clinton	\$366	615
Farmingdale	\$285	522
Fayette	\$302	235
Gardiner	\$432	816
Hallowell	\$352	291
Litchfield	\$311	614
Manchester	\$319	523
Monmouth	\$312	664
Mount Vernon	\$316	295

Oakland	\$302	1,152
Pittston	\$264	492
Randolph	\$360	282
Readfield	\$362	541
Rome	\$185	177
Sidney	\$233	735
Vassalboro	\$274	717
Vienna	\$363	140
Waterville	\$556	1,852
Wayne	\$291	244
West Gardiner	\$228	547
Windsor	\$238	402
Winslow	\$310	1,506
Winthrop	\$306	1,107

Source: MECEP analysis of Maine Revenue Services data.

Appendix A (continued): Town by Town Summary of Average Property Tax Increases and Number of Households Affected if Governor LePage's Proposed Homestead Exemption Repeal Passes

Knox County

Appleton	\$389	319
Camden	\$303	656
Cushing	\$246	279
Friendship	\$197	242
Hope	\$268	329
Isle Au Haut	\$147	17
Matinicus Isle Plt	\$218	13
North Haven	\$208	80
Owls Head	\$210	279

Rockland	\$424	971
Rockport	\$281	647
Saint George	\$164	569
South Thomaston	\$256	331
Thomaston	\$361	475
Union	\$324	476
Vinalhaven	\$203	247
Warren	\$320	699
Washington	\$298	342

Lincoln County

Alna	\$412	171
Boothbay	\$175	544
Boothbay Harbor	\$224	284
Bremen	\$242	187
Bristol	\$169	442
Damariscotta	\$341	371
Dresden	\$342	338
Edgecomb	\$304	188
Jefferson	\$250	428
Monhegan Plt	\$98	15

Newcastle	\$361	356
Nobleboro	\$208	302
Somerville	\$338	106
South Bristol	\$64	194
Southport	\$79	107
Waldoboro	\$306	1,047
Westport	\$163	164
Whitefield	\$294	395
Wiscasset	\$328	660

Oxford County

Andover	\$392	192
Bethel	\$276	375
Brownfield	\$282	306
Buckfield	\$416	406
Byron	\$260	31
Canton	\$415	195
Denmark	\$182	221
Dixfield	\$408	486
Fryeburg	\$320	456
Gilead	\$224	42
Greenwood	\$250	168
Hanover	\$192	52
Hartford	\$354	244

Hebron	\$306	268
Hiram	\$291	277
Lincoln Plt	\$60	10
Lovell	\$189	201
Magalloway Plt	\$228	8
Mexico	\$520	459
Newry	\$189	70
Norway	\$318	776
Otisfield	\$258	300
Oxford	\$245	618
Paris	\$366	821
Peru	\$364	339
Porter	\$272	313

Source: MECEP analysis of Maine Revenue Services data.

Appendix A (continued): Town by Town Summary of Average Property Tax Increases and Number of Households Affected if Governor LePage's Proposed Homestead Exemption Repeal Passes

Oxford County (cont.)

Roxbury	\$143	98
Rumford	\$549	949
Stoneham	\$168	62
Stow	\$226	59
Sumner	\$328	223

Sweden	\$238	73
Upton	\$123	21
Waterford	\$304	353
West Paris	\$345	289
Woodstock	\$254	196

Penobscot County

Alton	\$200	157
Bangor	\$439	3,519
Bradford	\$408	237
Bradley	\$284	240
Brewer	\$430	1,330
Burlington	\$348	81
Carmel	\$273	539
Carroll Plt	\$379	38
Charleston	\$292	234
Chester	\$176	125
Clifton	\$286	137
Corinna	\$356	434
Corinth	\$294	548
Dexter	\$372	584
Dixmont	\$205	255
Drew Plt	\$360	6
East Millinocket	\$556	363
Eddington		
Edinburg	\$390	32
Enfield	\$322	300
Etna	\$320	219
Exeter	\$306	246
Garland	\$328	246
Glenburn	\$393	849
Greenbush	\$478	266
Hampden	\$350	1,279
Hermon	\$240	1,083
Holden	\$313	582
Howland	\$424	244
Hudson	\$258	252

Kenduskeag	\$276	200
Lagrange	\$363	124
Lakeville	\$73	27
Lee	\$384	184
Levant	\$250	480
Lincoln	\$444	974
Lowell	\$337	65
Mattawamkeag	\$400	147
Maxfield	\$403	20
Medway	\$534	322
Milford	\$367	448
Millinocket	\$593	912
Mount Chase	\$311	41
Newburgh	\$440	315
Newport	\$358	515
Old Town	\$423	906
Orono	\$488	731
Orrington	\$287	721
Passadumkeag	\$368	90
Patten	\$434	217
Plymouth	\$295	237
Seboeis Plt	\$204	11
Springfield	\$450	85
Stacyville	\$470	87
Stetson	\$360	246
Veazie	\$368	344
Webster Plt	\$384	125
Winn	\$309	86
Woodville	\$329	48

Source: MECEP analysis of Maine Revenue Services data.

Appendix A (continued): Town by Town Summary of Average Property Tax Increases and Number of Households Affected if Governor LePage's Proposed Homestead Exemption Repeal Passes

Piscataquis

Abbot	\$265	143
Atkinson	\$416	77
Beaver Cove	\$142	28
Bowerbank	\$100	18
Brownville	\$386	244
Dover-Foxcroft	\$372	693
Greenville	\$324	361
Guilford	\$292	286
Kingsbury Plt	\$126	7
Lake View Plt	\$49	19

Medford	\$415	63
Milo	\$574	422
Monson	\$300	140
Parkman	\$249	186
Sangerville	\$370	257
Sebec	\$217	137
Shirley	\$238	56
Wellington	\$284	61
Willimantic	\$153	34

Sagadahoc

Arrowsic	\$299	119
Bath	\$414	1,265
Bowdoin	\$292	480
Bowdoinham	\$329	553
Georgetown	\$148	180

Phippsburg	\$171	415
Richmond	\$374	573
Topsham	\$359	1,525
West Bath	\$208	339
Woolwich	\$284	524

Somerset

Anson	\$400	501
Athens	\$390	160
Bingham	\$412	199
Brighton Plt	\$386	17
Cambridge	\$403	103
Canaan	\$314	378
Caratunk	\$136	17
Cornville	\$340	209
Dennistown Plt	\$162	10
Detroit	\$300	146
Embden	\$259	215
Fairfield	\$434	1,239
Harmony	\$350	205
Hartland	\$380	317
Highland Plt	\$220	14
Jackman	\$328	175
Madison	\$390	769

Mercer	\$316	162
Moose River	\$332	48
Moscow	\$420	133
New Portland	\$340	185
Norridgewock	\$428	573
Palmyra	\$332	404
Pittsfield	\$386	610
Pleasant Ridge Plt	\$172	21
Ripley	\$375	112
Saint Albans	\$406	399
Skowhegan	\$366	1,294
Smithfield	\$332	218
Solon	\$350	220
Starks	\$400	160
The Forks Plt	\$182	13
West Forks Plt	\$190	13

Source: MECEP analysis of Maine Revenue Services data.

Appendix A (continued): Town by Town Summary of Average Property Tax Increases and Number of Households Affected if Governor LePage's Proposed Homestead Exemption Repeal Passes

Waldo

Belfast	\$448	1,100
Belmont	\$384	164
Brooks	\$345	0
Burnham	\$380	254
Frankfort	\$275	241
Freedom	\$367	155
Islesboro	\$299	115
Jackson	\$518	139
Knox	\$340	161
Liberty	\$336	181
Lincolnton	\$316	392
Monroe	\$400	225
Montville	\$348	195

Morrill	\$454	170
Northport	\$276	251
Palermo	\$266	304
Prospect	\$305	148
Searsmont	\$406	276
Searsport	\$474	565
Stockton Springs	\$379	344
Swanville	\$380	265
Thorndike	\$344	151
Troy	\$289	205
Unity	\$310	304
Waldo	\$272	175
Winterport	\$266	780

Washington

Addison	\$287	273
Alexander	\$319	125
Baileyville	\$408	297
Baring Plt	\$354	52
Beals	\$338	106
Beddington	\$74	15
Calais	\$506	480
Charlotte	\$540	81
Cherryfield	\$392	224
Codyville Plt	\$0	0
Columbia	\$252	86
Columbia Falls	\$376	115
Cooper	\$348	43
Crawford	\$220	28
Cutler	\$355	117
Danforth	\$536	115
Deblois	\$200	11
Dennysville	\$279	66
East Machias	\$390	282
Eastport	\$485	309
Grand Lake Str	\$198	26
Harrington	\$345	173

Jonesboro	\$298	130
Jonesport	\$280	279
Lubec	\$428	302
Machias	\$406	255
Machiasport	\$364	193
Marshfield	\$352	104
Meddybemps	\$176	43
Milbridge	\$306	235
Northfield	\$166	32
Pembroke	\$422	215
Perry	\$324	215
Princeton	\$363	178
Robbinston	\$368	160
Roque Bluffs	\$212	63
Steuben	\$304	277
Talmadge	\$366	13
Topsfield	\$257	46
Vanceboro	\$494	32
Waite	\$440	25
Wesley	\$424	29
Whiting	\$259	99
Whitneyville	\$420	44

Source: MECEP analysis of Maine Revenue Services data.

Appendix A (continued): Town by Town Summary of Average Property Tax Increases and Number of Households Affected if Governor LePage's Proposed Homestead Exemption Repeal Passes

York

Acton	\$231	531
Alfred	\$290	513
Arundel	\$302	635
Berwick	\$326	979
Biddeford	\$389	2,247
Buxton	\$259	1,237
Cornish	\$258	205
Dayton	\$415	366
Eliot	\$280	965
Hollis	\$239	676
Kennebunk	\$306	1,559
Kennebunkport	\$154	526
Kittery	\$313	1,027
Lebanon	\$305	1,157
Limerick	\$292	500

Limington	\$218	565
Lyman	\$248	740
Newfield	\$195	259
North Berwick	\$252	737
Ogunquit	\$161	224
Old Orchard Beach	\$304	1,248
Parsonsfield	\$300	326
Saco	\$384	2,754
Sanford	\$441	2,659
Shapleigh	\$200	491
South Berwick	\$356	1,161
Waterboro	\$279	1,112
Wells	\$199	1,793
York	\$220	1,699

Source: MECEP analysis of Maine Revenue Services data.