

INFORMATION ON PROPERTY TAX BILLS

Title 36 M.R.S.A., § 507 requires that, when a municipality issues a property tax bill to each taxpayer, 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 similar to:

AS A RESULT OF THE MONEY OUR MUNICIPALITY RECEIVES FROM THE STATE LEGISLATURE THROUGH THE STATE MUNICIPAL REVENUE SHARING PROGRAM, HOMESTEAD 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 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 Reimb.	(1)	50,000
BETE Reimbursement	(2)	25,000
Revenue Sharing	(3)	100,000
Education Subsidy	(4)	200,000
(1) + (2) + (3) + (4) =	(5)	375,000
Tax Commitment	(6)	750,000
(5) + (6) =	(7)	1,125,000
(5) ÷ (7) =	0.	3333
Convert decimal to percentage		
x 100 =	33.3%	This is the reduction

Some municipalities have chosen another way to satisfy the intent of the law which is by using the following statement:

WITHOUT STATE AID FOR EDUCATION, HOMESTEAD 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 each individual municipality.

Additionally, Title 36 M.R.S.A., § 507 requires each bill issued must indicate the percentage of local property taxes distributed to education and local, county and state government.

These percentages are determined and openly depicted by dividing each of the four aforementioned components assessments & appropriations (*municipal and local education share, county and state government*) by the total assessments. The state component will effectively result in zero due to no *local* property assessments are distributed to state government. The process is illustrated in the calculation sequence and the supporting example below (one can further determine the pro-rata allocation of the local tax rate by applying the resulting individual percentages to the municipal tax rate).

Assessments:			
1. County Tax	<u>\$ 340,500</u>	<i>line 1 ÷ 5 =</i>	5.84%
2. Municipal Appropriation	<u>\$ 2,800,000</u>	<i>line (2+3) ÷ 5 =</i>	48.67%
3. TIF Financing Plan Amount	<u>\$ 36,000</u>		
4. Local Educational Appropriation <i>(Local Share/Contribution)</i>	<u>\$ 2,650,000</u>	<i>line 4 ÷ 5 =</i>	45.48%
5. Total Assessments	<u><u>\$ 5,826,500</u></u>		

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

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 2009 tax assessments is **9.00%** simple interest.

For current estimates on Revenue Sharing you may call the Treasury Department at 624-7477 or visit the website; http://www.maine.gov/treasurer/revenue_sharing/projections.html or for Education Subsidy the phone number would be 624-6790 or visit the DOE website at; <http://www.maine.gov/education/data/subsidy/taxinfo/munictax.htm>. For all other information please write or call:

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