



MAINE REVENUE SERVICES PROPERTY TAX DIVISION BULLETIN NO. 35

RESIDENT HOMESTEAD PROPERTY TAX EXEMPTION

REFERENCE: 36 M.R.S. §§ 681 through 689
February 11, 2026; NEW

1. General

The Resident Homestead Property Tax Exemption Program (the “Homestead Exemption”) is a property tax exemption that reduces the just value of an approved applicant’s permanent residence in Maine by up to \$25,000. The reduction in just value results in a proportional reduction of an approved applicant’s property taxes.

This bulletin is intended solely as advice to assist persons in determining, exercising, or complying with their legal rights, duties, or privileges. For more information on the Homestead Exemption, taxpayers may contact their local assessor or the Property Tax Division of Maine Revenue Services (“MRS”).

2. Definitions

- A. Applicant. “Applicant,” as defined in 36 M.R.S. § 681(1), means an individual who has applied for a Homestead Exemption.
- B. Assessor. “Assessor” means a sworn municipal assessing authority, whether an individual assessor, a board of assessors, or a chief assessor of a primary assessing area. With respect to the unorganized territory, “assessor” means the State Tax Assessor.
- C. Certified ratio. “Certified ratio” means the level of municipal assessed value, expressed as a percentage, relative to just value as certified by the assessor pursuant to 36 M.R.S. § 383. A certified ratio of 100% means that the assessed value of real estate in a municipality is, on average, equal to just value.
- D. Cooperative housing corporation. “Cooperative housing corporation,” as defined in 36 M.R.S. § 681(1-A), means an entity organized for the purpose of owning residential real estate in which residents own shares that entitle the shareholder to inhabit a certain space within a residential dwelling.
- E. Cooperative property. “Cooperative property,” as defined in 36 M.R.S. § 681(1-B), means the real property, including mobile and manufactured homes, owned by a cooperative housing corporation for the primary purpose of residential use.

- F. Homestead. “Homestead,” as defined in 36 M.R.S. § 681(2), means any residential property, including cooperative property, in Maine assessed as real property owned by an applicant or held in a revocable living trust for the benefit of the applicant and occupied by the applicant as the applicant's permanent residence or owned by a cooperative housing corporation and occupied as a permanent residence by a resident who is a qualifying shareholder. A “homestead” does not include any real property used solely for commercial purposes.
- G. Just value. “Just value” means market value, i.e., the amount in cash that could reasonably be expected to be paid by an informed buyer to an informed seller for a property, each acting without compulsion in an arm’s-length transaction.
- H. Mill. “Mill” is an expression of a property tax rate equal to one one-thousandth (0.001); a tax rate of one mill equals \$1 of tax due for each \$1,000 of property value.
- I. Municipal assessed value. “Municipal assessed value” means the property value established by the assessor for purposes of local property taxation.
- J. Permanent residence. “Permanent residence,” as defined in 36 M.R.S. § 681(3), means that place where an individual has a true, fixed and permanent home and principal establishment to which the individual, whenever absent, has the intention of returning. An individual may have only one permanent residence at a time and, once a permanent residence is established, that residence is presumed to continue until circumstances indicate otherwise.
- K. Permanent resident. “Permanent resident,” as defined in 36 M.R.S. § 681(4), means an individual who has established a permanent residence. For purposes of the Homestead Exemption, a person on active duty serving in the Armed Forces of the United States who is permanently stationed at a military or naval post, station or base in this State is deemed to be a permanent resident. A member of the Armed Forces of the United States stationed in the State who applies for an exemption must present certification from the commander of the member’s post, station or base or from the commander's designated agent that the member is permanently stationed at that post, station, or base. A person on active duty serving in the Armed Forces of the United States does not include a member of the National Guard or the Reserves of the United States Armed Forces.
- L. Qualifying shareholder. “Qualifying shareholder,” as defined in 36 M.R.S. § 681(5), means a person who is a shareholder in a cooperative housing corporation that owns a homestead in this state; a shareholder for the preceding 12-months in the cooperative housing corporation; and a permanent resident of Maine.
- M. Tax year. “Tax year” means the period from April 1 to March 31 on which property taxes are based.

3. Eligibility

To be eligible for the Homestead Exemption, an applicant must own their Maine homestead for the 12-month period preceding April 1 of the first tax year the Homestead Exemption is to apply. The applicant must also be a permanent resident of Maine.

- A. Ownership. An applicant must own their homestead. Upon request by the assessor, an applicant must provide documentation that establishes their eligibility under the Homestead Exemption's ownership requirement.

For purposes of the Homestead Exemption, ownership by an applicant includes property held in a revocable living trust for the benefit of an applicant, property in which an applicant has a deeded life estate, and property owned by a cooperative housing corporation to the extent that property is occupied as a permanent residence by an applicant who is a qualifying shareholder.

- (1) Ownership by an applicant does not include property for which the applicant holds a life lease. Ownership also does not include property held in an irrevocable trust, unless the applicant retains a deeded life estate in the property.
- (2) If an applicant lost ownership of their homestead due to a tax lien foreclosure during the 12-month period preceding April 1 of the tax year that the Homestead Exemption would apply, but subsequently regained ownership, the applicant is considered to have continuously owned the homestead during that period for purposes of the Homestead Exemption.

- B. Residency. An applicant must have been a permanent resident of Maine for 12 months prior to April 1 of the first tax year the Homestead Exemption is to apply. Upon request by the assessor, applicants must provide any documentation that establishes their eligibility under the Homestead Exemption's residency requirement. Assessors may consider the following information when making a determination as to the permanent residency of an applicant:

- (1) Formal declarations of the applicant or any other individual, including the applicant's signature on the Homestead exemption application, a utility bill, a hunting or fishing license, homeowner's insurance binder, a bill of sale, or other mail;
- (2) Informal statements of the applicant or any other individual;
- (3) The place of employment of the applicant;
- (4) The previous permanent residence of the applicant and the date the previous permanent residency was terminated;
- (5) The place where the applicant is registered to vote;
- (6) The place of issuance to the applicant of a driver's license and the address listed on the license;
- (7) The place of issuance of a certificate of registration of a motor vehicle owned by the applicant and the address listed on the certificate;
- (8) The residence claimed on any income tax return filed by the applicant;
- (9) The place of payment of a motor vehicle excise tax by the applicant; or

- (10) A declaration by the applicant of permanent residence registered with any branch of the Armed Forces of the United States.

If members of the United States Armed Forces, except for members of the National Guard or Reserves, are permanently stationed in Maine, then they may be eligible under the residency requirement of the Homestead Exemption despite residing in another location. Members of the United States Armed Forces permanently stationed in Maine applying for an exemption must present a certification from the member's commander that they are permanently stationed in Maine with their application for the Homestead Exemption.

4. Application Process

To be approved for the Homestead Exemption, an applicant must submit a completed application with the assessor of the municipality where their homestead is located on or before April 1. Applicants whose homesteads are located in the unorganized territory must file their applications with the MRS Property Tax Division by the same deadline. The Homestead Exemption application may be available at the municipal office where the applicant's homestead is located. Applications are also available on the MRS website. Extensions to file an application cannot be granted. Applications received by the assessor after April 1, if approved, will apply for the following tax year.

Applications submitted by individuals who reside in a municipality are approved or denied by the assessor of the municipality where the homestead is located. Applications submitted by individuals who reside in the unorganized territory are approved or denied by MRS. If an application for the Homestead Exemption is denied, the applicant will be notified of the denial by mail.

An applicant whose application is denied may appeal the denial by filing an application for abatement within 185 days from commitment pursuant to 36 M.R.S. § 841. Commitment is the date that property tax assessments are given to the local tax collector and is usually around the time that tax bills are sent to taxpayers. For more information regarding when a municipality commits taxes or how to file an abatement, taxpayers may contact their assessor.

Applicants who relocate from their homestead to another residence must reapply for the Homestead Exemption.

An applicant may receive the Homestead Exemption in addition to other exemptions, such as the Veteran's Exemption under 36 M.R.S. § 653 or the Blind Person's Exemption under 36 M.R.S. § 654-A, if eligible.

5. Calculating the Homestead Exemption

The Homestead Exemption reduces the just value of an approved applicant's homestead by up to \$25,000. Because the Homestead Exemption is based on just value, the reduction in municipal assessed value will differ across municipalities depending on the municipality's certified ratio. The reduction in municipal assessed value is calculated by multiplying the just value of the exemption (\$25,000) by the municipality's certified ratio, as described below. The reduction in municipal

assessed value results in a proportional decrease in the approved applicant's property taxes.

- A. Full just value exemption. The Homestead Exemption reduces the municipal assessed value of a homestead by up to \$25,000. The full \$25,000 Homestead Exemption applies only in municipalities where the certified ratio is 100%.

Example 1. A taxpayer's homestead has a municipal assessed value of \$225,000 as of April 1. The homestead is located in a municipality with a certified ratio of 100% and a tax rate of 15 mills. Without the Homestead Exemption, the property value results in \$3,375 of taxes due – or \$225,000 multiplied by 15 mills (0.015).

The taxpayer timely applies for and is approved for the Homestead Exemption. The municipal assessed value of the taxpayer's homestead is reduced by \$25,000 – or \$25,000 multiplied by the 100% certified ratio – from \$225,000 to \$200,000. The reduced property value results in \$3,000 of tax due – or \$200,000 multiplied by 15 mills (0.015). In this example, the Homestead Exemption has reduced the property taxes due by \$375.

Because the exemption is adjusted by the certified ratio, approved applicants who reside in a municipality with a certified ratio of less than 100% will receive an exemption of less than \$25,000. While the amount of the exemption may appear lower in a municipality with a certified ratio of less than 100%, it is equal to a \$25,000 exemption at a 100% certified ratio.

Example 2. Same facts as Example 1, except that the taxpayer's municipality has a certified ratio of 91% and a tax rate of 16.5 mills (municipalities with a lower certified ratio require a higher mill rate to raise the same amount of property taxes). The just value of the taxpayer's homestead remains \$225,000, but because the certified ratio in the municipality is 91%, the municipal assessed value is \$204,750. As in Example 1, without the Homestead Exemption, the property value results in \$3,375 of taxes due – or \$204,750 multiplied by 16.5 mills (0.0165).

The taxpayer timely applies for and is approved to receive the Homestead Exemption. The municipal assessed value of the taxpayer's homestead is reduced by \$22,750 – or 91% of \$25,000 – from \$204,750 to \$182,000. The reduced property value results in \$3,000 of taxes due – or \$182,000 multiplied by 16.5 mills (0.0165). In this example, as in Example 1, the Homestead Exemption has reduced the property taxes due by \$375.

- B. Partial just value exemptions. A partial just value Homestead Exemption reduces the municipal assessed value of an approved applicant's homestead by an amount less than \$25,000 of just value. A partial just value exemption applies when a homestead has a just value below \$25,000. In that case, an approved applicant will receive a partial Homestead Exemption equal to, but not exceeding, the just value of their homestead.
- C. Cooperative housing corporation exemption. Cooperative housing corporations whose applications are approved will receive a Homestead Exemption of up to \$25,000, multiplied by the municipality's certified ratio, for each unit occupied by a qualifying shareholder. When an approved cooperative housing corporation divides the property taxes due among its residents, qualifying shareholders are entitled to a reduced share of property taxes according to their eligibility for the Homestead Exemption.

Example 3. A cooperative housing corporation has ten total housing units in a cooperative property. The municipal assessed value of the cooperative property is \$1,000,000 as of April 1. The cooperative property is located in a municipality with a certified ratio of 100% and a tax rate of 15 mills. Without the Homestead Exemption, the value of the cooperative property results in \$15,000 of taxes due – or \$1,000,000 multiplied by 15 mills (0.015). When the property taxes owed are divided among the cooperative housing corporation’s ten shareholders, \$1,500 in tax is due from each shareholder.

The cooperative housing corporation timely applies for and is approved to receive the Homestead Exemption. Five of the ten units are owned by qualifying shareholders. The municipal assessed value of the cooperative property is reduced by \$125,000 – or \$25,000 for each of the five qualifying shareholders. The reduced property value results in \$13,125 of taxes due – or \$875,000 multiplied by 15 mills (0.015). The Homestead Exemption has reduced the cooperative property’s taxes by \$1,875.

The reduction in property taxes resulting from the Homestead Exemption must be assigned to each of the qualifying shareholders. The Homestead Exemption has reduced each qualifying shareholder’s property taxes by \$375 – or \$1,875 divided among the five qualified shareholders. The Homestead Exemption does not reduce the property taxes of shareholders who do not qualify under the Homestead Exemption. Each non-qualifying shareholder will owe \$1,500 in taxes or – \$15,000 tax divided by 10 shareholders – while the qualifying shareholders will each owe \$1,125 – or \$1,500 per shareholder minus the \$375 exemption.

If the title to a homestead is held by an applicant jointly or in common with others, the exemption may not exceed \$25,000 of just value but may be apportioned among the owners who reside on the property to the extent of their respective interests. A municipality responsible for administering the homestead exemption has no obligation to create separate accounts for each partial interest in a homestead owned jointly or in common.

NOTE: The reduction in taxes received by a given approved applicant is based on several factors and may vary based on that applicant’s circumstances. For more information on how the Homestead Exemption may apply in a given circumstance, taxpayers may contact their local assessor or MRS.

6. Disqualification

Approved applicants will continue to receive the Homestead Exemption without needing to reapply unless the assessor determines that the eligibility status of a homestead has changed.

The assessor will evaluate the ongoing eligibility of a homestead approved to receive the Homestead Exemption as of April 1 each year. The evaluation may include, but is not limited to, reviewing whether ownership of the homestead has changed in a way that would disqualify the homestead, or whether the approved applicant no longer uses the property as their permanent residence. If the assessor or MRS determines that the property is no longer entitled to receive the Homestead Exemption, the taxpayer will be notified, and the exemption will be removed.

If an assessor or MRS determines that a property has improperly received a Homestead Exemption

during any of the preceding ten years, the assessor will supplementally assess the property for an amount equal to the total taxes exempted, plus costs and interest.

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