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The End of Maine's Municipal Property Tax Levy Cap

What changed in state law in 2024, and why it is relevant background for Norway's 2026 town-wide revaluation

Background explainer · September 2026

What this document is. A plain-language explainer of a real change in Maine state law: the repeal of the municipal property tax levy limit that had been in place since 2005. It draws on the actual bill text, the repealed statute, and public reporting on the repeal, all verified this month. It is general background for Norway taxpayers following the 2026 revaluation — it does not allege anything improper by the Town of Norway's budget process, and it is not legal or financial advice.

I. The law that stood from 2005 to 2024

In 2005, as part of a broader property-tax and school-funding reform package (Public Law 2005, chapter 2, Part C — commonly referred to at the time as “LD 1”), the Legislature wrote a cap directly into state law on how much a municipality's **total property tax levy** — the total dollar amount a town raises through property taxes, not the mil rate charged to any one parcel — could grow from one year to the next. The cap was codified at 30-A M.R.S. §5721-A, “Limitation on municipal property tax levy.”

Under that statute, a municipality's levy could increase, without further action, only up to a **growth limitation factor**: the growth rate of Maine's average personal income, adjusted for inflation, plus the municipality's own “property growth factor” — a measure of new construction and development added to that town's tax base. If a town's budget process wanted to raise the levy beyond what that formula allowed, state law required a separate, specific override vote — distinct from the ordinary annual budget vote — at town meeting or referendum, with limited exceptions for emergencies.

In short: for nineteen years, there was a second, independent check on the growth of a town's total tax take, on top of the ordinary budget process — and it was tied to income growth, not to how much assessed property values happened to move in any given year.

II. What changed — L.D. 2102 / P.L. 2023, c. 603

In April 2024, the 131st Legislature passed L.D. 2102, and Governor Janet Mills signed it into law as Public Law 2023, chapter 603. The bill fully repealed §5721-A. The repeal took effect **August 9, 2024**. As of that date, there is no longer any state-imposed ceiling, tied to income growth, on how much a Maine municipality's total property tax levy can increase year over year, and no more statutory override-vote requirement tied to that formula.

The vote was close and not on party lines: the bill passed the Senate by a single vote, with a handful of Democrats joining Republicans in opposition. Supporters, including Senate sponsor Teresa Pierce, argued the 2005 formula had “served its purpose” and had become “outdated and confusing for towns and their residents.” Opponents, including Rep. Amy Arata and the Maine House Republican caucus, argued the formula was a deliberate, bipartisan 2005 compromise — one Governor Mills herself had supported at the time — and that repealing it shifts a point of leverage away from individual voters and toward municipal government, since the ordinary annual budget vote is now the only remaining check on the size of the levy itself.

What did **not** change: the ordinary municipal budget process itself. Norway's select board, budget committee, and town meeting or municipal election still set the annual budget and levy the way they always have. What is gone is the additional, state-formula ceiling that used to sit on top of that process, and the specific override vote that used to be required to exceed it.

III. Why this matters in a revaluation year

A town-wide revaluation, like the one Norway completed for 2026, is designed in theory to be revenue-neutral on its own: it re-distributes the existing levy across parcels according to updated values, and the mil rate is recalculated so the same total levy is raised across the new, higher assessed base. Redistribution and total-levy growth are, in principle, two separate questions.

The levy limit that existed from 2005 to 2024 was one of the few structural checks tying the **second** question — how much the town’s total levy itself could grow — to something outside of assessed values, namely income growth. With that check repealed, a revaluation year is exactly the moment where the distinction matters most: rapidly rising carded values, of the kind documented parcel-by-parcel elsewhere on this site, expand the town’s overall taxable base. Under the old law, an expanded base did not by itself authorize an expanded levy beyond the income-growth formula. Under current law, that particular ceiling no longer exists — the ordinary town-meeting budget vote is now the only remaining constraint on how much of that expanded base the town chooses to levy against.

This document takes no position on whether Norway’s town government will, or has, used that added room. It is included here because it changes the landscape a resident is reasoning within: as recently as August 2024, there was a second, income-tied statutory guardrail on total levy growth. There no longer is. An owner’s total bill can now move for two independent reasons in the same year — their own parcel’s assessed share of the town (addressed through the individual card review and equalization process this project focuses on) and the town’s total levy (now governed solely by the ordinary budget vote, with no state-formula ceiling above it).

IV. The mil-rate mechanic — why an error doesn’t wait for the budget

A mil is \$1 of tax for every \$1,000 of assessed value. At Norway’s 2026 rate of 10.96 mils, every \$1,000 a parcel is over-assessed adds \$10.96 to that owner’s bill — and it adds that same \$10.96 again the following year, and the year after that, for as long as the error sits uncorrected on the card. Put simply: every thousand dollars of poorly applied valuation is a mil’s worth of tax charged to that one owner, indefinitely, not once.

That is because the two mechanisms run on different clocks. The mil rate itself is recalculated every year, set by dividing that year’s approved budget warrant by the town’s total assessed base — if a future year’s warrant is lean, the rate can fall. But nothing about that annual calculation goes back and re-examines any single parcel’s card. An individual valuation error is not reviewed, refreshed, or corrected by the budget process at all — it simply carries forward on the roll, year after year, until the owner specifically challenges it through equalization or abatement. Whatever that year’s mil rate turns out to be, it gets applied to the same inflated base regardless.

The result is that an overvalued card and a given year’s town budget are decoupled from each other. An owner carrying a \$30,000 valuation error is saddled with roughly \$329 a year in excess tax at the current mil rate — not because that year’s warrant required it, but simply because the error was never corrected and the mil rate, whatever it is, gets multiplied against it anyway. A lean budget year does not undo the error; only a correction to the card does. That is what makes the individual-card work described elsewhere on this site a standing, self-renewing question — not a one-time one — and it is separate from, and just as consequential as, the levy-cap question this document otherwise addresses.

V. Legacy owners and family farms — taxed on a gain they haven’t realized

Maine law requires assessors to value property at its “just value,” which the statute defines as “value arising from presently possible land use alternatives to which the particular parcel of land being valued may be put” (36 M.R.S. §701-A) — in practice, market or highest-and-best-use value, set without regard to what income the property actually produces or whether the owner has any intention of selling. For a buyer who purchased last year at today’s price, that standard and reality are the same number. For an owner who has held family land across generations and never transacted

at all, they are not.

That owner’s assessed value each year is not income, is not cash on hand, and is not a figure the owner chose — it is a market estimate of what a willing buyer would pay for a sale that is not happening. Taxed annually against that estimate, the owner is being billed, year after year, on an appreciation they have not realized and, in many cases, have no plan to ever realize. In effect, and unlike a capital gains tax, which is normally triggered once, at the moment of an actual sale, an ad valorem property tax applied to unsold, long-held land functions as a **recurring tax on an unrealized gain** — charged every year the parcel is simply kept, whether or not its market value was ever converted into cash the owner could use to pay it.

Maine’s own law already recognizes this mismatch for working land, even if it has never generalized the fix. The Tree Growth Tax Law (36 M.R.S. §§571–584-A) and the Farm and Open Space Tax Law (36 M.R.S. §§1101 et seq.) both value qualifying forestland and farmland according to their **current-use productivity** — what the land actually earns growing timber or crops — rather than their highest-and-best-use market price. The Legislature’s own stated purpose for the Tree Growth program is “to tax all forest lands according to their productivity” and to “encourage forest landowners to retain and improve their holdings” — a direct, if narrow, acknowledgment that taxing working land at speculative market value pressures owners toward selling or developing it. Estate-planning literature describes the same mismatch in family farms nationally in blunter terms: the operation is “asset-rich, cash-poor” — it “may appear wealthy on paper” while “only generating enough annual income to sustain operations and support the family.”

The same dynamic is well documented outside Maine, in ordinary residential neighborhoods rather than farmland. One Chicago study found that in a rapidly appreciating majority-Hispanic neighborhood, property prices rose more than 146% from 2012 to the study year, against roughly 105% citywide, and that lower-income households there paid an average of 4.2% of their income in property tax against 1.7% for the city’s wealthiest households — the figures below are offered as an illustration of the general mechanism, not as a claim about Norway. The mechanism itself, though, is the one already described in this document: rising comparable sales — whether driven by gentrification elsewhere, or by out-of-state and vacation buyers locally — pull assessed value up for an owner who never entered that market, bought nothing, and sold nothing in the year the bill arrived.

This is not an argument that long-held land should go untaxed. It is a description of why “just value” assessment, applied uniformly and without regard to current use, lands hardest on the owner least like a market participant: someone who transacted nothing this year and received no income tied to this year’s market price, billed as though they had. Maine’s current-use programs exist because the Legislature already accepted this reasoning for qualifying farmland and forestland. The same reasoning applies, in kind if not in statute, to any long-held legacy property caught underneath a fast-rising comparable-sales market.

VI. Who carries this risk most directly

The risk described above does not fall evenly. It compounds hardest on owners who are already carrying an unreviewed or overstated card — the kind of case documented parcel-by-parcel elsewhere on this site — and hardest of all on the segments of Norway’s population with the least room to absorb a rapid, unchecked increase: by property type, by income, and by how the comparable-sales data behind a revaluation gets built in the first place.

The multifamily owner with tenants

15 King Street (Map/Lot 027-191-A, owner Matthew Glatz) is carded for a 201.1% one-year increase in total value between the 2025 and 2026 rolls, per this project’s own parcel review. An owner in that position, renting to a tenant on one unit and a roommate on the other, cannot simply absorb an increase of that size — any excess tax burden has to be passed along to the people renting from him. On a street the owner describes as carrying Section 8-supported rents in the majority of its multifamily structures, a portion of that increase may not even be passable through at all: HUD fair-market-rent schedules cap what a subsidized tenant’s rent can be raised to, regardless of what the landlord’s own tax bill has done. The owner is squeezed from both directions at once — a bill that grew from an unreviewed condition and

obsolescence figure, on a levy mechanism that, since August 2024, has one fewer statutory brake on its own growth, with part of that increase legally uncollectable from the tenant it would otherwise fall to.

Single-wide and mobile home owners — the hardest-hit share of residential parcels

Nationally, households that own a manufactured or mobile home report a median household income of roughly \$38,000–\$40,000 — about half the \$70,000–\$80,000 median reported by site-built single-family homeowners, according to American Housing Survey data analyzed by the Urban Institute and the Harvard Joint Center for Housing Studies. Manufactured housing exists as a category largely because it is one of the few remaining affordable paths to ownership for low- and moderate-income families; in Maine, it made up 61,563 homes and 8.3% of the state’s entire housing stock as of 2024, per the Pew Charitable Trusts.

That income gap is exactly what makes this class of owner the hardest-hit share of residential parcels when a card value jumps. A given percentage increase is not a neutral number — it lands against a household budget roughly half the size of a typical site-built owner’s, with none of the equity cushion a \$300,000–\$400,000 home provides against a bad year. A mobile-home account that jumps by a large single-year percentage, on a card carrying no manufacture year and no stated change to the unit itself, is not a rounding error to the family living in it — it is a direct claim on a household income that was already, on average, the lowest of any residential owner in town.

Comparable sales pulled north by out-of-state vacation buyers

Mass appraisal works by calibrating a town’s valuation model against recent qualified sales. That method assumes the sales in the pool are reasonably comparable in motivation as well as in size and condition. In much of Maine, and especially in a lakes-region town like Norway — carded waterfront on Penneesseewassee Lake, Little Penneesseewassee Pond, Sand Pond, North Pond, and North Pond North all factor directly into the Town’s own pricing tables — that assumption is increasingly strained. The share of Maine home buyers from out of state rose from about 25% in 2019 to roughly 33% in the years that followed, and vacation properties now make up an estimated 12%–19% of the state’s single-family housing stock. During the sharpest years of that run-up, cash offers \$100,000–\$150,000 over asking price were reported as commonplace; the statewide median home price reached a record \$390,200 in 2024, up more than 8% in a single year.

An out-of-state buyer purchasing a vacation property is not shopping the way a year-round local resident is — they are frequently paying well above what the same house would fetch from a local, owner-occupant buyer, and that price still counts as a qualified sale for trending purposes. When those sales sit in the same comparable pool used to calibrate value trends for every other residential card in town, the premium embedded in a vacation purchase does not stay confined to waterfront and camp parcels — it pulls the whole model, and with it the value of a modest, non-comparable, year-round home with no relationship to the vacation market, north along with it.

Norway’s own poverty rate

This is not an abstract risk for Norway. The U.S. Census Bureau’s 2020–2024 American Community Survey estimates that **20.9%** of Norway’s year-round population lives below the poverty line — nearly double Maine’s statewide rate of 10.6% in 2024. Norway’s median household income, \$54,342 in the same 2020–2024 estimate, sits roughly 29% below the \$76,400 statewide median. This is the population base a rapid, unreviewed card swing and an uncapped town-wide levy land on: a town measurably poorer than the state it sits in, absorbing both changes at once.

The margin households have left before a tax increase even arrives

That margin is thin nationally, not just locally. A December 2025 Urban Institute Well-Being and Basic Needs Survey found that roughly one in three working-age adults had used a credit card to cover groceries in the prior year, and about one in five had pulled directly from savings to do the same — with more than a third of those credit-card users unable to pay the balance off in full. On the debt side of the ledger, Experian data reported through Q4 2025 put the average new-vehicle loan term at 68.9 months and the average used-vehicle loan term at 67.7 months — both pushing six years — financing an average of \$43,582 for a new vehicle and \$27,528 for a used one. A household already carrying a six-year note on a used car and reaching for a credit card to cover the grocery bill has no real capacity to absorb a large,

unreviewed jump in its property tax bill without cutting something else first.

For an owner in any of these positions, an inflated or unreviewed card is not only a paperwork problem. It is the base multiplier sitting underneath a levy that, since August 9, 2024, has no independent statutory ceiling above it — landing on a town that is measurably poorer than the state around it, on households that are already stretched thin nationally, and hardest of all on the class of homeowner with the least income to begin with. Correcting the card and understanding the levy-limit repeal are not separate concerns for these owners — an error in one makes the exposure created by the other larger.

VII. What the SELECT BOARD can do

The Select Board is not a passive recipient of these numbers. Under 36 M.R.S. §703 (“Select board to act as assessors”), in a town without a separately elected board of assessors — Norway’s arrangement — the Select Board members are themselves the Town’s assessors of record, not John E. O’Donnell & Associates, whose own contract with the Town describes its role as advisory only, with “full and final judgment” resting with the Assessor. Three things follow directly from that:

- **Decline to commit these values.** Maine law requires an assessment to be “completed and signed by a majority” of the assessors before it is committed to the tax collector (36 M.R.S. §709) — nothing compels commitment of a roll the assessors themselves know still carries open, documented errors.
- **Adjust the mil rate proportionally to cover the Town’s actual warrants.** The rate is calculated, not fixed: it can be set to raise only what the year’s approved budget requires against whatever assessed base is ultimately committed, rather than simply banking whatever total a higher, uncorrected base happens to produce.
- **Use the time before commitment to clean this up.** Once a roll is committed, correcting an error shifts the burden onto the individual owner, fighting it card-by-card through equalization or abatement. Before commitment, the Select Board still holds that leverage directly.

Because the Select Board are the Town’s own legal assessors, the responsibility for a roll committed with known errors still in it falls on the Select Board — not on the vendor that produced the numbers.

VIII. What residents can still do

- **Participate directly in the town budget process.** With the state-formula ceiling gone, the annual budget committee process, select board meetings, and town meeting or municipal budget vote are now the primary remaining point of public control over the size of the levy itself — not a backstop to it.
- **Track the levy and mil rate the Town publishes each year** alongside the assessed value totals, to see how the two move relative to each other now that the old formula no longer connects them.
- **Keep pursuing accurate individual card values** — through the equalization process, abatement applications, and the kind of parcel-specific documentation this project publishes — since that is the separate, still-available lever on an individual owner’s share of whatever levy the town does set.
- **If your own card is out of step with comparable parcels,** pursuing a correction reduces exposure on both axes at once: it reduces your assessed share directly, and it reduces how much of the town’s now-uncapped levy growth compounds, indefinitely, on top of an already-inflated base — the mil-rate mechanic described in Section IV, the unrealized-gain problem described in Section V, and the risk described in Section VI.

The two levers — the town-wide levy and an individual card — are independent, but for an owner already carrying an overstated card, they are not independent in effect. This document addresses the first; the parcel-specific assessment reviews published elsewhere on this site address the second.

Sources: 30-A M.R.S. §5721-A (Maine Legislature statute database, showing repeal by P.L. 2023, c. 603, §2); L.D. 2102, 131st Legislature, Second Regular Session (bill text, mainelegislature.org); “Lawmakers Vote to Repeal 2005 Limits on Municipal Property Tax Collection” and “Janet Mills Signs Bill Repealing 2005 Limit on Municipal Property Tax Hikes,” *The Maine Wire*, April 2024; “Maine Eliminates Municipal Property Tax Levy Limits,” *Law360 Real Estate Authority*; “L.D. 2102 Will Raise Property Taxes,” *Maine House Republicans caucus statement*; U.S. Census Bureau QuickFacts, Norway town, Oxford County, Maine (2020–2024 ACS 5-year estimates) and USAFacts.org (Maine statewide poverty rate and median household income, 2024); Urban Institute and Harvard Joint Center for Housing Studies analyses of American Housing Survey data on manufactured-home-owner household income; Pew Charitable Trusts, “Unlocking Mortgage Access for Manufactured Homes in Maine” (March 2026); *Down East Magazine*, “Three Charts That Explain Maine’s Surging Real Estate Prices”; theceshop.com on Maine vacation-home share; *Portland Press Herald*, “Maine home prices hit a new high in 2024” (January 2025); Urban Institute Well-Being and Basic Needs Survey (December 2025); Experian auto-loan data via LendingTree, Q4 2025; 36 M.R.S. §701-A (just value defined), §§571–584-A (Tree Growth Tax Law), and §§1101 et seq. (Farm and Open Space Tax Law), §703 (Select board to act as assessors), and §709 (Assessment and commitment), Maine Legislature statute database; Maine Forest Service, “Maine’s Tree Growth Tax Law: The Basics” (2021); Porter Wright, “Asset-Rich, Cash-Poor: Protecting the Family Farm from an Unexpected Tax Burden”; DePaul University Institute for Housing Studies, “Exploring the Impacts of Rising Property Taxes in Changing Neighborhoods.” — Prepared by Matthew Glatz, *Norway Parcel Review* (norwayparcelreview.org). Not affiliated with the Town of Norway or the Maine Legislature. Not legal or financial advice.