



## TOWN OF GRAY

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### Testimony for LD 2102

Good afternoon Chair Nangle, Chair Stover, and distinguished members of the State and Local Government Committee. My name is Anne Gass. I live in Gray and serve on the Town Council. I am testifying today in support of LD 2102, "An Act to Support Municipalities by Repealing the Law Limiting the Municipal Property Tax Levy."

The municipal tax levy was enacted in 2005 as a well-intended strategy to limit increases in municipal property taxes. In practice this has created a significant burden on towns like Gray, needlessly requiring excessive amounts of staff time each year and confusion voters.

Gray uses an inclusive referendum process to decide our budget. Over 1500 people typically vote on our annual budget; in contrast, we often had fewer than 100 voters at town meetings. LD 1 requires towns to create a separate warrant article asking voters to approve an override of the state-mandated tax levy limit. This creates significant confusion among voters. It's difficult to communicate that overriding the state-imposed cap won't necessarily increase taxes or the mil rate. For example, in 2020, Gray voters overwhelmingly approved the spending warrant articles but failed to pass the state-imposed budget cap override, even when doing so had no impact on their actual property taxes. It was clear to us that voters had misunderstood the LD 1 warrant article. It passed when we went to a re-vote.

When the LD 1 warrant article fails, the entire budget fails. In 2023 Gray voters rejected LD 1 and some (though not all) of the spending articles. Our town charter requires that when the budget fails it has to be voted on in an in-person town meeting. Every warrant article must be revoted. In 2023 the town meeting was held on a Saturday in a brutally hot high school gym. Only 200 people showed up to vote. Planning and holding the re-vote took over 300 hours of staff time, and significant Council time as well. In addition to the direct financial costs this represented an enormous opportunity cost, as we were distracted from working on a number of other important initiatives, some of which were required by the legislature (for example revising our ordinances to comply with LD 2003).

LD 1 explicitly prohibits incorporating the amount that exceeded the cap one year into the next year's base budget, which consistently puts our growing town in conflict with LD 1. When LD 1 was passed, Gray's then Council created a bare bones budget from which increases could be calculated, making it almost impossible to avoid triggering LD 1.

In Gray we work hard to make our budget process transparent and accessible to voters. We broadcast and record multiple budget workshops that voters can attend in-person or remotely. This year we invited voters (via a postcard sent to every household) to a public workshop at the start of budget season. We will have a public hearing on the final budget and will send an informative budget flyer to every household prior to the vote in June. There is ample opportunity for voters to weigh in during the budget process. They can also vote against Councilors who promote higher spending levels when they come up for election or re-election.

Finally, in most years, the majority of our property tax levy results from school and county spending, neither of which is subject to the tax cap. Why are towns singled out? The LD 1 language imposes burdensome requirements on towns and makes a budget process that is already complex and confusing for voters even harder to explain. And to no real purpose; voters already have other tools they can use to reduce municipal budgets. **Therefore, we urge you to pass LD 2102.** Thank you for your attention to this critical matter that is of vital importance to all Maine municipalities.