



Emily F. Scully
City Clerk

Alice Kelley
Deputy City Clerk

Karen Morrill
Licensing Administrator

March 7, 2023

RE: Support for LD 88 - An Act to Provide Qualifying Municipalities a Percentage of Adult Use Cannabis Sales and Excise Tax Revenues

To Members of the Taxation Committee,

The municipal officers of the City of South Portland have expressed unanimous support (through passage of South Portland Council *ORDER #93-22/23*) for state tax revenue sharing generated by the sale of cannabis with municipalities such as South Portland that allow cannabis establishments to operate within their borders.

South Portland was one of the first municipalities in Maine to allow all types of adult use cannabis establishments within its borders. Through adopting local ordinances in 2017, which established local land use and licensing regulations for this new and rapidly growing industry, the City began licensing among the first adult use establishments in the State once the Office of Cannabis Policy finalized and adopted rulemaking. To date, the City of South Portland licenses over 25 adult use cannabis establishments, among the highest number of licensed adult use cannabis establishments per municipality in the State.

Respectfully submitted,

A handwritten signature in black ink that reads "Emily Scully".

Emily Scully
City Clerk



CITY OF SOUTH PORTLAND

25 Cottage Road
South Portland, ME 04116

EXECUTIVE
DEPARTMENT

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Scott T. Morelli
City Manager

Joshua Reny
Assistant City Manager

MEMORANDUM

TO: South Portland's State Legislative Delegation
FROM: Mayor Lewis and the South Portland City Council
RE: Legislative Priorities
DATE: December 6, 2022

The South Portland City Council hereby requests that our legislative delegation introduce, co-sponsor, or support or oppose, depending on the issue. Mayor Lewis and City Manager Morelli are happy to meet with you to discuss any and all of these matters.

Social Issues

The pandemic exposed many weaknesses in our approach to homelessness, for both domestic and asylum-seekers, as well as the dearth of available housing. It is imperative that permanent changes be made now that the shortcomings of these systems have been exposed. This should include:

- **General Assistance (GA) Reform.** The GA system was not intended to function as it is now, with municipalities with numerous hotels being responsible for hundreds of clients, in addition to an unprecedented number of asylum-seekers looking for assistance. As the Council and other communities proclaimed earlier this summer, the State should regionalize the administration of public benefits (GA), establish a State resettlement office to assist individuals and families experiencing homelessness to locate emergency shelter and long-term housing, establish a statewide emergency shelter system serving individuals across the state, and address issues impacting people experiencing homelessness, such as access to mental health services, education, workforce training, and permanent housing. While these changes are preferred, if the status quo is to remain, the GA laws should be changed to remove the perverse incentive for municipalities to relocate their homeless residents to other communities. For example, if Buxton places one of their homeless families in a South Portland apartment, Buxton only pays one month of GA expenses. After that, South Portland is on the hook for all the expenses (and staff time) until that family no longer qualifies. If Buxton were to place that family into a hotel, South Portland would assume responsibility after six months. Unless the State or County takes over GA so costs can be shared equally by all communities to address homelessness (preferred), then the existing law needs to be updated. The above scenarios should be increased from one to six months and six months to twelve months, respectively.
- **Ban Flavored Tobacco.** South Portland will consider joining several other Maine communities in banning the sale of flavored tobacco. However, a patchwork solution is not ideal, since municipal borders are seamless to those seeking these products. Therefore, a state-wide ban on this product is desirable.

- **Health Services.** Advocate for more substance use plans (like York County) and increase the availability of caregivers such as nurses aides to help address various community health needs.

Financial

As we emerge from COVID-19 and federal dollars related to the pandemic begin to dry up, it will be as important as ever for the State to maintain financial assistance to local governments. To assist our community and many more across the state, our legislators should focus on the following financial-related items this session:

- **Keep Revenue Sharing at 5%.** The City greatly appreciates the support from legislators and the Governor during the last biennium to increase State Revenue Sharing from 3.5% of sales and income tax to 5%. Years of cuts to revenue sharing by the prior Governor and legislatures resulted in higher property taxes and, in some cases, reduced services to residents. The legislature must retain revenue sharing at its historical 5% as it had been for nearly 40 years up until 2010.
- **Revenue Sharing for Cannabis Sales.** The state should share sales tax revenues generated by the sale of cannabis with those municipalities that allow cannabis retail stores to operate within their borders.
- **Amend the recently enacted Senior Tax Stabilization Law.** Various municipal groups including the Maine Association of Assessing Officer, Maine Government Finance Officers, and Maine Tax Collectors and Treasurers Association, are working with the Maine Municipal Association to address loopholes and implementation issues with the law, which lack a lot of detail. There are concerns about a lack of means testing (i.e., every senior qualifies, regardless of need), ability for seniors with multiple homes to “game” the system, addressing faulty deadlines in the law, and ultimately the concern that the legislature will stop providing a refund to municipalities for the taxes forgone, necessitating either cuts in serving or raising taxes on all other residents and families to make up the difference.

Sustainability

The City of South Portland has been a leader in the State on many climate action initiatives, and currently spends more than any other Maine community on sustainability. However, while one community can make a small difference, it will take the entire state and indeed the country (and world) to truly yield the necessary change to avert a climate disaster. The State can assist municipalities in moving forward by:

- **Addressing or removing regulatory impediments to electrification.** This includes supporting battery storage, enabling microgrids, and urging grid modernization. [LD 1959 "An Act To Ensure Transmission and Distribution Utility Accountability,"](#) which passed in 2022, went a long way to require integrated grid planning tied to Maine's climate goals but a lot remains to be done.
- **Carbon pricing on a national level** (see [Citizens Climate Lobby](#)). In 2019 the City Council passed [Resolve #4-19/20](#) committing “the South Portland City Council and Mayor call on the United States Congress to address climate change at the federal level by adopting as one important measure among others a Carbon Fee and Dividend as a sound, effective policy tool”.
- **Funding for Electric Vehicle Fleets/Charging Infrastructure and Lower Electric Rates for Vehicle Charging.** Both the State and City have adopted aggressive goals to reduce carbon emissions. One of the major ways to do so is by reducing and eliminating gasoline- and diesel-powered vehicles and replacing them with electric. However, such vehicles are more expensive up front and while they show long-term fuel savings, the initial hurdle is too great for most municipalities to bear (without shifting more burden on to riders and/or property taxpayers). For example, to replace a bus in the Bus Service fleet, it would cost about \$525,000 for a diesel bus and \$875,000 for electric. This does not include costs for the necessary and expensive infrastructure to charge the fleets, nor does it

include higher electricity rates for charging during peak daytime hours. State subsidies are very much needed in this area.

Local Control

South Portlanders have proven that they can make good decisions, and such decisions have helped to make our community one of the leaders in Maine on issues such as sustainability. But our ability to enact certain change or decide what is best for our community can be hampered by State laws that deny voters and elected officials the opportunity to have a say. Therefore, our local delegation should support these two local control items:

- **Local Option Sales Tax.** Allow municipalities to decide for themselves as to whether they should enact a local option sales tax to provide an additional revenue stream to help lessen the burden on the property tax. Whether South Portland ends up enacting such a tax should be a moot point – the real argument is that municipalities and their residents should be afforded the opportunity to consider it.
- **No Binding Arbitration on Wages/Benefits for Union Contracts.** In 2019, the legislature passed a number of labor-friendly laws, including [LD 1177](#), which imposed binding arbitration for disputes between municipalities and their unions on wages, health insurance, and retirement benefits. Although the City supports efforts to improve the plight of workers to earn better wages and already offers exceptional health insurance and retirement benefits at low cost to many and no cost to some, we believe forcing binding arbitration for these issues onto Maine towns and cities was a legislative overreach. As you know, for a “service” business like a municipality, wages, health insurance, and retirement are substantial portions of the municipal budget. The impact of this law change would mean the Council could be forced to enact substantial tax increases to support decisions of arbitrators who may have no idea of the actual financial impact of their decisions on the community or who may have no concern about the financial impact as they have no local interest. Fortunately, [Gov. Mills vetoed this law](#) (which the legislature sustained), noting that it would take away local control from municipal elected officials who better know their communities than a hired gun arbitrator (or panel) from away. Our legislators should not re-introduce or support legislation to this effect if it is re-introduced.

Housing/Land Use

The legislature made progress on this important topic last session with the passage of [LD 2003](#). Continued efforts will be critical to ensuring the development of all types of housing. Some of the ways this can be supported in the upcoming session include:

- **Subdivision statute updates** to align with streamlined review for housing projects. Notably, the elimination of subdivision procedure for projects involving up to four units.
- **Allow municipalities to adopt variable bulk and space standards in zoning districts.** This will allow us to tailor land use regulations to the types of projects we are seeing, and relax provisions for certain developments over others, notably housing with affordability. This would also reinforce form-based code provisions, which we don’t have, but that could be explored as a matter of land use and development policy that supports desirable forms of development as our community grows.
- **Allow municipalities to define bulk and space standards through diagrams/visual representations.**
- **Additional funding for affordable housing projects.** While South Portland has several Affordable Housing Tax Increment Finance (TIF) districts that provide aggressive tax rebates (aka “Credit Enhancement Agreements”) to developers as well as our own Affordable Housing Fund, the state

could assist municipalities and developers in providing additional funding to ensure projects happen.

- **LD 2003.** Ensure that any amendments or rule-making decisions to this law continue to ensure that all communities are part of the housing crisis solution, while also ensuring that elements of local zoning ordinances are respected.

Education

The importance of funding for education is a given. **Continuing to provide a 55% share of state aid to education** is critical to the success of our schools and to help lessen the property tax burden on taxpayers, as a majority of property tax bills fund school expenses.



CITY OF SOUTH PORTLAND

KATHERINE W. LEWIS
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SCOTT T. MORELLI
City Manager

EMILY F. SCULLY
City Clerk

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District Three
MISHA C. PRIDE

District Four
LINDA C. COHEN

District Five
DEQA DHALAC

At Large
RICHARD T. MATTHEWS

At Large
NATALIE E. WEST

IN COUNCIL ORDER #93-22/23

ORDERED, that the City Council hereby authorizes the City Manager to submit, on behalf of the City, a letter to the City's State Legislative Delegation outlining the City Council's legislative goals.

Fiscal Note: Less than \$1,000

Date: December 6, 2022