

TESTIMONY OF
MICHAEL J. ALLEN, ASSOCIATE COMMISSIONER FOR TAX POLICY
DEPARTMENT OF ADMINISTRATIVE AND FINANCIAL SERVICES

Before the Joint Standing Committee on Taxation
Hearing Date: *February 5th, 2025*

LD 237 – “*An Act to Increase the Percentage of Funds Provided to Municipalities Through State-Municipal Revenue Sharing*”

Senator Grohoski, Representative Cloutier, and members of the Taxation Committee – good afternoon, my name is Michael Allen, Associate Commissioner for Tax Policy in the Department of Administrative and Financial Services. I am testifying at the request of the Administration Against LD 237, “*An Act to Increase the Percentage of Funds Provided to Municipalities Through State-Municipal Revenue Sharing*.”

This bill increases the percentage of funds provided to municipalities through state-municipal revenue sharing to 5.5% beginning January 1, 2026 and to 6% beginning January 1, 2027.

The State has significantly increased its commitment to property tax relief and municipal support by reaching 5% revenue sharing and 55% education funding, increasing the reimbursement for the homestead exemption, and increasing the property tax fairness credit. The further increases to revenue sharing proposed by this bill would strain the State’s ability to sustain these existing commitments.

This bill would cause an estimated General Fund reduction of \$12,762,000 in Fiscal Year 26, \$38,740,000 in Fiscal Year 27, \$57,794,351 in Fiscal Year 28, and \$59,863,434 in Fiscal Year 29.

The Administration looks forward to working with the Committee on the bill; representatives from MRS will be here for the Work Session to provide additional information and respond in detail to the Committee's questions.