

TESTIMONY IN OPPOSITION TO

L.D. 542

AN ACT REGARDING MUNICIPAL PROPERTY TAX LEVY LIMITS

March 17, 2025

Senator Baldacci, Representative Salisbury, and members of the State and Local Government Committee, I am Robbie Feinberg, the director of communications and government relations for the Maine School Management Association, testifying on behalf of the legislative committees of the Maine School Boards Association and Maine School Superintendents Association in opposition to L.D. 542, An Act Regarding Municipal Property Tax Levy Limits. Our associations represent more than 1,700 school board members throughout Maine, as well as more than 200 superintendents and assistant superintendents.

Maine school officials understand the urgent need to limit property tax increases and reduce the property tax burden on local residents. Over the past year, families and community members have told us, loud and clear, that they cannot handle paying more on their property tax bills. We are in the middle of school budget season, and Maine school boards clearly respect the financial limitations of their local communities.

However, the approach outlined in this bill has been demonstrated to be burdensome and ineffective, and our members would urge you to oppose L.D. 542 and look at other strategies to reduce property taxes.

L.D. 542 would reinstate municipal property tax levy limits originally enacted as part of L.D. 1 in 2005 and would require municipalities to implement special procedures if they wish to exceed these limits. Municipal and state officials have shared that this process simply has not worked and has required complicated budget calculations in every Maine municipality. This has resulted in more administrative work for local officials and has not led to the fiscal accountability that lawmakers originally sought.

While school budgets are approved using a separate process, municipal and educational budgets are, of course, intertwined. School budgets routinely make up the largest share of a town or city budget. Any increases on the school side could result in cuts on the municipal side, and vice versa. We are concerned that the passage of this bill could add barriers to this process, ultimately resulting in confusion and more fiscal uncertainty, and could also make it harder for our schools and municipalities to raise the funds needed to properly support operations.

Locally, school districts already offer substantial opportunities for input and approval for all our budgets. Schools and municipalities host presentations, hold town meetings and allow residents to vote one way or another. Schools hold budget referendum votes to provide opportunity for input and approval each year. Municipalities may choose the best approach that works for them. By working together, municipal and school officials can look at the entire budget picture, ensuring students, families and community members still receive essential services within a community's financial means. We believe that this should remain a local decision, and the provisions in L.D. 542 threaten that control.

We understand the sponsor's goal of instituting this system as a way of helping to limit property taxes. This is also a goal of every superintendent and school board member in the state who understand the effect of these increases on all of our residents, especially those on fixed incomes.

However, this approach is cumbersome and threatens local control. It also appears these limits have not been effective in limiting property tax increases. We would highlight testimony from the Maine State Economist in her testimony on L.D. 2102, repealing these limits, last year: "The tax levy limit statutes place a large administrative burden on towns, and when reporting was being done, there was no evidence the statutes were achieving the desired effects. Given these two factors, a repeal of the statute is appropriate."

Instead, we would urge legislators to look at reducing the number of unfunded mandates on our local schools and towns. These are the real drivers of increasing budgets and must be dealt with. We ask your committee to look towards this approach and to reject L.D. 542.