



CITY OF BANGOR

Joint Standing Committee on Taxation

Testimony LD 7 - “An Act to Increase the Homestead Property Tax Exemption for Residents 65 Years of Age or Older”, LD 140 - “An Act to Incrementally Increase the Homestead Property Tax Exemption”, LD 570 – “An Act to Provide an Additional Maine Resident Homestead Property Tax Exemption Based on Income”, and LD 658 – ‘An Act to Lower Property Taxes by Increasing the Homestead Property Tax Exemption”

March 19, 2025

Sen. Grohoski, Rep. Cloutier, and members of the Joint Standing Committee on Taxation, my name is Debbie Laurie and I am the City Manager of Bangor. I am providing testimony today on behalf of the City of Bangor on LD 7, LD 14, LD 570 and LD 658.

Property tax relief is of paramount importance to all our residents and is a constant concern and consideration of the Bangor City Council as well as the Legislature, as evidenced by the number of bills submitted to increase property tax exemptions. It is a well-established position that the principal problem of financing municipal services, many of which are mandated by federal and state law, is the burden on the property taxpayer; and to stabilize the municipal property tax burden and to aid in financing all municipal services, it is necessary to provide funds from the broad-based taxes of State government.

Increased property tax exemptions that do not include a corresponding increase in State reimbursements to the municipality will not provide the property tax relief intended by these proposed LDs. The assessment of property taxes is the last resort for a municipality to fund operations. If the total taxable assessed value of a municipality is reduced due to increases in exempt value, a corresponding increase in the mil rate is the only solution to fund necessary municipal services.

Passage of these bills would mean that in municipalities that are mostly residential there will be virtually no change in property tax bills. In municipalities with a commercial tax base or those with significant rental properties, such as Bangor, there will be a tax shift, in that businesses and rental property owners will pay higher taxes, which could negatively impact economic development, employment and income levels as well as result in increased rents.

There is an existing mechanism in place at the State level that could be amended to target the type of property tax relief being sought by the Legislature in a more meaningful way, called the Maine Property Tax Fairness Credit program. As this is an existing program, there would be no additional administrative cost or burden incurred, but it would require a fiscal appropriation to fund the increase in credits.

The City of Bangor supports property tax relief, and our local elected body will work diligently in the coming months to contain property taxes to the extent possible while providing necessary and valuable services to our residents. By amending the Maine Property Tax Fairness Credit program, the Legislature has the opportunity to provide the type and level of property tax relief intended directly to our residents. Thank you for your consideration, and please do not hesitate to reach out with questions.

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