

Mayor and Council Offices

Mark Dion

Mayor

April 2, 2025



Testimony of Mayor of the City of Portland, Mark Dion

Before
Committee on Taxation

In Support of

LD 1206 – An Act to Control Property Taxes by Increasing the Percentage of the Business Equipment Tax Exemption That Municipalities May Recover

April 2, 2025

Senator Grohoski, Representative Cloutier, and Members of the Committee on Taxation,

I am writing on behalf of the City of Portland to express our strong support for LD 1206, An Act to Control Property Taxes by Increasing the Percentage of the Business Equipment Tax Exemption (BETE) That Municipalities May Recover.

This bill takes a necessary and responsible step toward restoring fairness in Maine’s property tax system. The BETE program exempts certain business equipment from local property taxation, while only partially reimbursing municipalities for the revenue they lose. Under current law, cities and towns receive just 50% reimbursement from the State for these exemptions—leaving the remainder of the tax burden to be absorbed by residential property owners, renters, and small businesses. LD 1206 would phase in an increase in the state reimbursement rate to 80%, correcting an imbalance that has persisted for too long.

This issue is particularly important for Portland. We are Maine’s largest city and a regional economic hub, home to a diverse range of commercial and industrial activity. In 2023, Portland collected \$7.8 million in business personal property taxes—but nearly half of that was lost to state-mandated exemptions under BETE, with only \$3.6 million reimbursed by the State. This underfunding directly increases pressure on our general fund and shifts costs to other local taxpayers.

In response, the City Council recently approved a citywide audit of business personal property—the first such audit Portland has conducted in at least 50 years. This effort will help ensure that all businesses are equitably and accurately reporting their taxable property, and that the city is recovering the revenue it is legally entitled to. The initiative was launched not only to

strengthen compliance, but also to identify revenue that could help stabilize Portland's budget and reduce the burden on homeowners. However, local efforts alone are not enough to correct a flawed system. The State of Maine must do its part by increasing the level of BETE reimbursement, as LD 1206 proposes.

We are grateful to Senator Tepler for introducing this bill and to members of the Portland delegation for their continued leadership on municipal finance issues. This legislation reflects a sensible, fiscally responsible path forward—one that supports economic development while also protecting the ability of cities and towns to fund essential services.

I respectfully urge the Committee to vote Ought to Pass on LD 1206.

Thank you for your consideration.

Sincerely,

A handwritten signature in blue ink, appearing to read "Mark Dion", with a stylized flourish at the end.

Mark Dion
Mayor
City of Portland, Maine