



BATH
MAINE *City of Ships*

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Testimony in Opposition to

LD 1603: An Act to Eliminate the Property Tax on Business Equipment With a Value of No More Than \$50,000

May 1, 2025

Chairpersons Senator Grohoski and Representative Cloutier and honorable member of the Taxation Committee:

My name is Brenda Cummings. I am a Certified Maine Assessor and I serve as the Assessor for the City of Bath, Maine. I am testifying today in opposition to LD 1603.

A tax exemption for personal property items that are valued at less than \$50,000 would essentially eliminate personal property taxation in the State of Maine.

LD 1603 would be devastating to the tax base of many Maine municipalities. Today, over five percent of Bath's tax rate of \$16.50 per \$1,000 is subsidizing the loss of approximately \$100 million in unreimbursed business personal property valuation enrolled in the Business Equipment Tax Exemption (BETE) program. My office has calculated that LD 1603 would reduce taxable personal property in Bath by an estimated additional \$50-\$60 million.

Assessors have an oft-repeated saying: "Taxation is the rule; exemption is the exception." This is a reflection of the State constitution and is important because **every exemption from taxation increases the tax burden on other taxpayers.**

1. Any such program to eliminate personal property tax must have a fiscal note that requires full reimbursement to the municipality from the State of Maine for revenue lost by such an exemption.
2. An exemption based on the valuation of individual items opens the door to gamesmanship where businesses ensure that all equipment is reported in component parts whose value is below the taxable threshold.

There are many reasons to dislike the taxation of personal property. It is time consuming to administer for both the taxpayer and the municipality, and the return on investment of time and resources may not seem significant.

However, LD1603 throws out the baby with the bathwater, and leave other municipal taxpayers footing the bill. This bill should be voted ought not to pass by the committee.

Sincerely,

Brenda Cummings, CMA
Assessor, City of Bath

