

TESTIMONY OF HAROLD “CHIP” JONES

FISCAL ADMINISTRATOR OF THE UNORGANIZED TERRITORY

OPPOSEING

LD 382, An Act to Provide Fair and Predictable Property Taxation for Landowners in the Unorganized Territory

Senator Grohoski, Representative Sayre, and distinguished members of the Committee on Taxation, my name is Harold “Chip” Jones, and I live in Manchester. I am privileged to serve the State of Maine as the Fiscal Administrator of the Unorganized Territory.

I appreciate Sen. Martin's proposal for the effort to help maintain reasonable taxes for Unorganized Territory property owners. Unfortunately, this looks at governing the result and not the cause of the tax burden for UT property owners. I call them property owners because there is such diverse ownership of property, homeowners, family camps, sportsman's camp, logging, investment, etc.

One of the biggest misconceptions in the UT is how the mil rate is constructed. The Counties are acting like the municipality so the way the UT constructs its mil rate is as follows.

- The UT County Services Mil Rate is specific to the county in which the taxpayer owns property. UT county services include the cost of services provided to the UT by the county. These services may include road and bridge maintenance, EMS / fire coverage, snow removal, solid waste management, cemetery maintenance, as well as other expenditures.

UT County Services Mil Rate = the UT County Services budget divided by the UT property valuation within the County

- The State Agency Services Mil Rate is the same amount throughout the Unorganized Territory Tax District. State services may include education, tax administration, land use planning, permitting, forest fire prevention, as well as other expenditures.

State Agency Services Mil Rate = the State Agency Services budget divided by the State property valuation in the tax district

- The County Tax Mil Rate is also specific to each county. Annually, county taxes are assessed by each county to each municipality and UT property owner located within that county.

County Tax Mil Rate = the county tax divided by the property valuation within the county

Aggregate UT Mil Rate = the UT County Services Mil Rate + the State Agency Services Mil Rate + the County Tax Mil Rate

As stated above this bill looks to limit the result of the costs to maintain the UT and not reduce the expenses of the UT. One glaring example is that UT property owners pay taxes that fund the General-Purpose Aid (GPA) for reducing the cost for educating Maine students. Since the conception of the Unorganized Territory Educational and Services Tax (UTEST) in 1977, UT students have never received any GPA. The EUT is also statutorily mandated to provide the same level of service to their students as an

RSU. Now that the UT is becoming more populated the amount of year-round residence is growing and so isn't the number of Students that reside in the UT. Right now, the number of students in the UT is about 850.

While I do not have the answer for you on how to solve this, I can assure you limiting the tax levy on the UT is going to result in us not being able to supply essential services that are needed in the UT.

Thank you for your time and would be willing to answer any question for the work shop on LD 382.

Harold Chip Jones