

# MAINE SERVICE CENTERS COALITION

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## **Testimony of the Maine Service Centers Coalition LD 2212, An Act Making Supplemental Appropriations and Allocations from the General Fund and Other Funds for the Expenditures of State Government and Changing Certain Provisions of the Law Necessary to the Proper Operations of State Government for the Fiscal Years Ending June 30, 2026 and June 30, 2027**

Senator Rotundo and Representative Gattine, Senator Grohoski and Representative Sayre, and esteemed members of the Joint Standing Committees on Appropriations and Financial Affairs and Taxation, the Maine Service Centers Coalition is submitting testimony on proposals under consideration in the supplemental budget.

The Maine Service Centers Coalition, comprised of 27 towns and cities across the state, articulates the importance of healthy and thriving service center communities, advocates for public policy that supports and contributes to the economic and social viability of our communities, and collaborates with municipal officials, legislators, state agencies and nonprofits to pursue quality of life for all who live and work in our state.

*Within the Office of the State Treasurer*, our Coalition supports maintaining municipal revenue sharing at 5 percent. This is vitally important to all Maine municipalities and especially so for our service center communities. We appreciate your past support for revenue sharing and ask that you, once again, provide full funding to help ease some of the financial pressures our already burdened property taxpayers continue to face.

*Within the Department of Administrative and Financial Services*, it appears Part M could result in additional municipal reimbursements by grouping all homestead exemptions under the same program. But the supplemental budget also proposes to expand certain homestead exemptions. The Coalition opposes increases in the number and/or amount of homestead exemptions unless they are fully funded by the state. Otherwise, the increases result in our cities and towns absorbing the unfunded share, forcing us to pass the costs along to our property taxpayers.

*Within the Department of Administrative and Financial Services*, we also are concerned about Part O, sunsetting the Business Equipment Tax Rebate program. Under BETR, businesses pay 100% of the tax to municipalities and are reimbursed by the state. Municipalities incur no costs from the program beyond some administrative work.

Should BETR end, some or all of the relevant properties could become eligible for the Business Equipment Tax Exemption, a program that does not fully reimburse municipalities for lost tax revenue. As an example, Bangor property taxpayers eligible for BETR received about \$1.25 million in reimbursements from the state. Should these same property taxpayers be eligible for BETE, Bangor taxpayers could be responsible for as much as half that amount.

Our service center communities are concerned both Part M and Part O would place an even greater financial burden onto home and business owners. Please give careful consideration to the impacts these could have on Maine property taxpayers and amend the proposed supplemental budget accordingly.

Thank you for your time and attention.