

Testimony of Bill Bridgeo, Chair
Maine Service Center Coalition
In Support of Legislation Allowing a Local Option Sales Tax
March 27, 2019

Good afternoon, Senator Chipman, Representative Tipping and Members of the Joint Committee on Taxation,

My name is Bill Bridgeo and I have the honor of serving for the past twenty-one years as city manager of your capital city. I am also the current chair of the board of the Maine Service Center Coalition – an association that represents the interests of Maine’s fifty or so largest communities. Service centers, as you already appreciate, shoulder substantial financial burdens as the host to 77% of Maine’s jobs, maintain 82% of Maine’s urban compact roads, 59% of the state’s property tax exempt valuation, and ,as of 2014, had property tax rates 42% higher than other communities. These numbers come from a study we commissioned that year conducted by respected Maine planner Evan Richert – the highlights of which are attached to my written testimony (with the full study is available on request).

I appear before you today to ask that you support a balanced proposal to allow Maine’s cities and towns – through local referendum – to levy a modest 1% addition to the state’s sales tax for use in defraying the ever escalating costs of the broad array of services provided in those communities that should choose to levy it.

Local option sales taxes have routinely been the subject of legislative consideration here in Maine as far back as I can remember – and that dates back to my years as Calais city manager in the early 1980’s. Invariably they have not succeeded because of opposition from rural constituencies and the retail community. This year seems to be different. Much of the business community is expressing support for the concept as are municipal officials across the spectrum.

You have a number of LD's before you that come at the issue in different ways. I would ask that you merge those proposals into a single piece of legislation that creates the local authority, provides some share of proceeds to the local county government as an equity consideration, makes the tax broad-based so that there's enough revenue in it to have an impact, and leaves it to the local elected municipal officials to determine how best to use the proceeds.

I spent eleven years after my time in Calais as city manager of Canandaigua, New York – a lovely community in the Finger Lakes region of Upstate. In New York, all fifty cities receive a direct share of the sales tax generated within their jurisdiction. I can tell you from that experience that it is a progressive and welcome way to help ease the burden of the property tax.

Please keep in mind that by acting favorably on a local option sales tax you are not voting to levy a tax. Rather, you are acknowledging that a partnership exists between the state and its municipal subdivisions with each party dedicated to the same common goal of delivering essential government services to the people of our great state.

Thank you for your consideration. I'm happy to answer any questions.

Highlights of Service Center Update Study

July 2014

Background

- Service Centers have 47% of Maine residents
- Service Centers host 77% of Maine jobs
- Service Centers generate 81% of taxable retail sales

Endure a Disproportionate Burden of the Cost of Local Services

- Service Centers maintain 82.5% of Urban Compact roads
- Service Centers have lower median household incomes (\$49,354) and higher poverty rates (9.6%) than statewide averages
- Service Centers are the location of 63% of all crime
- Service Center property tax commitments are 51.7% of the state total
- Service Centers host 59% of the state's property tax exempt valuation
- Service Centers on average have 13% of their assessed value in tax exempt properties. Other towns average 7%
- Service Centers have a property tax rate 42% higher than other towns

Our Coalition's Primary Goals

- Return Municipal Revenue Sharing to its statutory levels
- Return Local Road Assistance to its historical levels
- State funding of K-12 Education at the 55% statutory level
- Invest in Innovation, Education, and Infrastructure to grow the Maine economy