Maine Municipal
Association

60 COMMUNITY DRIVE
AUGUSTA, MAINE 04330-9486
(207) 623-8428
www.memun.org

Testimony of the Maine Municipal Association (MMA)

In Support of
LD 258, An Act Making Unified Appropriations and Allocations for the Expenditures of State Government, General Fund...for the Fiscal Years Ending June 30, 2024 and June 30, 2025

Property Tax Provisions (A-28, A-38, A-638 & A-641)

February 8, 2022

Senators Rotundo and Grohoski, Representative Sachs and Perry, and members of the Appropriations and Taxation Committees. My name is Kate Dufour, and I am offering testimony in support of the property tax provisions proposed in LD 258 on behalf of the 70 municipal leaders who were elected by their peers to serve on the Association's Legislative Policy Committee and directed to establish MMA's position on bills of municipal interest.

To put it simply, municipal leaders across Maine appreciate Governor Mills' commitment to her local government partners and support for programs that help to reduce the burdens placed on property taxpayers that are associated with providing state mandated and locally desired programs and services.

While local officials continue to have grave concerns with the administration and fiscal sustainability of the property tax stabilization program, the appropriation of $15 million in FY 2024 and $31 million in FY 2025 is of significant relief to municipal officials.

Although the program is in place, applications have been accepted and processed, and property taxes stabilized, reimbursement for 100% of the lost property tax revenue, envisioned as part of the program, has not yet been appropriated. Without it, councils and town meetings will be left to make difficult decisions regarding budgets and mil rates, which could result in shifting additional burdens to non-senior property owners, a reduction in services, or both increases in taxes and reductions in services.

For this reason, municipal officials urge your support for the appropriation, as well as the $1.05 million proposed in the budget to reimburse municipalities for the cost of administering the program. Although touted as a program that would be easily administered, that prediction did not come to fruition, as assessors tirelessly responded to inquiries and conducted the research necessary to verify program eligibility.

Municipal officials also appreciate and urge support for the provisions in LD 258 that honor traditional and historic state/municipal partnerships by appropriating the funds necessary to incrementally reimburse municipalities for a greater portion of lost property tax revenues associated with the homestead exemption. As a result, in FY 2024 the budget proposal increases the reimbursement to 76% ($103.5 million) and to 79% in FY 2025 ($108.5 million).

And finally, municipal officials strongly support the governor's proposal to share with municipal partners 5% of state sales and income tax revenue via the revenue sharing program, which is projected to distribute $252 million in FY 2024 and $259 million in FY 2025 to towns, cities, and plantations across the state. Since its inception, revenue sharing funds have been prescribed by law to reduce the property tax rate. As a result of that requirement, the amount of revenue sharing distributed to a municipality must be subtracted from projected expenditures. This lowers the mil rate, and consequently, the taxes assessed on all properties within the community.

Thank you for considering the municipal perspective on this issue. If you have any questions about our position, please contact me at kdufour@memun.org or 592-4038.