



Lisa M. Keim
Senator, District 19
Assistant Republican Leader

THE MAINE SENATE
131st Legislature

3 State House Station
Augusta, Maine 04333

May 30, 2023

Senator Grohoski
Representative Perry
Joint Standing Committee on Taxation
100 State House Station
Augusta, ME 04333

Re: LD 1954, "An Act to Address the Recent Mill Closure in the Town of Jay by Providing Funds to Offset Property Tax Loss"

Senator Grohoski, Representative Perry, and the distinguished members of the Committee on Taxation, I am Lisa Keim, and I proudly represent the citizens of Senate District 19, which includes Northern Oxford County and communities in Franklin County. I am writing to urge your support of LD 1954, "An Act to Address the Recent Mill Closure in the Town of Jay by Providing Funds to Offset Property Tax Loss."

This bill provides a one-time appropriation of \$600,000 to the Town of Jay to help offset a property tax revenue loss from a recent mill closure.

As you may already know, the Town of Jay is facing a challenge with their tax rates due to the recent paper mill closure. When the State revenue sharing projections came out earlier this year, the Town was surprised to see that our projected amount had dropped from last year. The Town learned that making use of our undesignated fund balance (UFB-our savings) to help stabilize the tax rate for our residents in years when these big valuation losses happen, actually hurts them in regards to revenue sharing.

To give you an idea of how much it changed, last year Jay was projected to receive \$1.4M in revenue sharing. This year it is projected at \$1.1M. Had Jay not utilized funds from their UFB in the 21-22 tax commitment (the year the pulp digester exploded at the paper mill), the projected revenue sharing would be \$1.7M. Obviously, \$600,000 would have a huge impact on Jay's taxpayers next year as they face the increased tax rate due to the mill closure.

While we don't want to start a precedent of making the State cover municipal shortfalls, this situation is unique. And Jay should not be punished for being fiscally responsible and building up its rainy day fund before the mill closure.

I have a bill, which should be printed any day now, which can help us avoid this problem in the future. My bill will amend the Sudden and Severe law by directing Maine Revenue Services to recognize the specific funds that a town uses to mitigate an extreme tax increase in the year following an event that qualifies for sudden and severe.

I urge you to pass LD 1954 to alleviate the unforeseen tax burden on residents of Jay.

Sincerely,

A handwritten signature in cursive script that reads "Lisa M. Keim". The signature is written in dark ink and is positioned above the printed name and title.

Lisa Keim
State Senator