



# MAINE MUNICIPAL ASSOCIATION SINCE 1936

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## Testimony of the Maine Municipal Association (MMA) In Support of

*LD 237, An Act to Increase the Percentage of Funds Provided  
to Municipalities Through State-Municipal Revenue Sharing*

February 5, 2025

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Senator Grohoski, Representative Cloutier and distinguished members of the Joint Standing Committee on Taxation, my name is Amanda Campbell, and I am submitting testimony on behalf of the Maine Municipal Association's 70-member Legislative Policy Committee (LPC) in support of LD 237.

This session, the LPC proactively established a platform of bills intended to bolster and support the property taxpayers of Maine. Through initiatives across the legislative board, they are committed to protecting the interests of their residents and to reducing the burden of property taxes.

LD 237 supports this commitment by increasing State-Municipal Revenue Sharing from the current 5% of sales and income tax revenues to 5.5% beginning in 2026 and to 6% in 2027. Implemented in 1971, at a rate of 4%, this partnership is a positive example of the working relationship between state and local governments.

The revenues municipalities receive through the revenue sharing program play an important role in the calculation of property taxes. When subtracted from the total assessment, determined through a community's budget process, these funds reduce the amount of the total tax commitment needed to cover those budgeted costs. Those costs, including the funding of local education and county taxes, continue to rise. Municipal officials appreciate the recent commitment and return to the statutory 5% share of sales and income tax. However, it is worth noting that over the past decade, those funds were drastically reduced and redirected before returning more recently to the required 5% share. In addition, the percentage has never increased despite the increase in the number and complexity of tasks the state continues to require of municipal officials.

Costs of goods, services, contracts, wages, benefits and the related costs associated with operating municipal government, including implementing those tasks passed down from the state, are all increasing. If the state and local partnership doesn't adjust with the times, the increases seen across the board will be borne by the property taxpayers.

Municipal officials agree that addressing the property tax burden of Maine citizens is critical and increasing the portion of state revenue that is shared with municipalities is one avenue to address that need.

Thank you for the opportunity to speak with you and share the municipal perspective on this important topic. Please feel free to contact me or any member of the MMA Advocacy team with any questions related to municipal operations.