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Testimony of Rep. Allison Hepler in support of
**LD 286, An Act to Allow County Commissioners Greater Flexibility When Establishing a
Payment Schedule for Municipalities to Pay County Tax Bills
Before the Joint Standing Committee on State and Local Government**

Good morning, Senator Baldacci, Representative Salisbury and members of the State and Local Government Committee. I am Allison Hepler and I represent the towns of Arrowsic, Georgetown, Phippsburg, West Bath and Woolwich. I am here today to speak in support of **LD 286, An Act to Allow County Commissioners Greater Flexibility When Establishing a Payment Schedule for Municipalities to Pay County Tax Bills.**

As a long-time Woolwich selectperson, I take municipal budgets and property taxes very seriously, and am proud of our ability to keep mill rates reasonable – and flat for 3 years in a row – despite increases in the county and school budgets.

Let me provide some background on how municipal budgeting works in our town and how the county budget plays into that. We craft our municipal budgets very carefully and take it to Town Meeting every year where our residents scrutinize the decisions we make and weigh in on our budget recommendations. We have to justify it before our residents. Our RSU 1 school budget goes to a town meeting style public meeting and then residents subsequently vote on the budget in June. There is no equivalent public oversight of the county budget. While there is a Budget Advisory Committee made up of elected municipal officials, the emphasis is on “advisory.” There is a public hearing that receives little attention. There is no town vote on the county budget. The town simply receives the assessment from the county and we add it to the property tax calculation. Previous tax bills usually increased between 3 and 5% year to year. This year, we were sent a 16% increase.

When we go to commitment in the fall, the property tax bill we send out includes the municipal, school and county assessments. Our mill rate is calculated based on those expenditures, and is offset by anticipated revenue from excise tax payments, municipal revenue sharing and other revenue. Additionally, we have always used a prudent amount of money from the town’s Undesignated Fund Balance to reduce the tax burden. We normally send out tax bills in September, and they are due in October. Interest begins to accrue in November. We allow

residents to split their tax bill into two payments – we just sent out the bills for the second payment last week. Payments from residents whose property taxes are part of their mortgage will not be received until April.

We begin making our RSU 1 school payments on a monthly basis starting in July 1, the beginning of the fiscal year, but before we have any new tax revenue coming in. The county bill arrives in July and the last day to pay the entire amount before interest starts accruing is October 31st. Frankly, this comes at a time when our revenues are at their leanest. We can count on taxes being paid but there is a lag time.

Receiving the 16% increase piqued my curiosity about county payments and that's when I learned that the one-time county payment was set in statute. What I like about LD 286 is the possibility of a payment schedule. Even two payments would ease our town's cash flow concerns. What I heard from a couple of county officials was that they also had a cash flow problem, which would be worsened by not receiving their funding all at one time. I understand that and I am sympathetic. My ask is for counties to compromise, to recognize the bind that our small towns are also in and to plan for it.

My hope is, should this bill pass, that counties work with the municipalities within their jurisdiction in setting up something that is equitable for all. I also appreciate that LD 286 does not ask all counties to develop the same plan, but to craft something that works for each county. On behalf of my town – and all the towns in my district – I thank you for your time and attention to this bill, which will provide some much-needed fiscal stability. We stand ready to work with our county officials.

Thank you for your time. I am happy to take any questions you may have.