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Testimony of the Maine Municipal Association (MMA)
In Opposition to
LD 542, An Act Regarding Municipal Property Tax Levy Limits

March 17, 2025

Senator Baldacci, Representative Salisbury and distinguished members of the Joint Standing Committee on State and Local Government, my name is Amanda Campbell, and I am submitting testimony in opposition to LD 542 on behalf of the Maine Municipal Association's 70-member Legislative Policy Committee (LPC).

The municipal officials comprising MMA's LPC voted unanimously to oppose LD 542.

Upon final adjournment of the 131st Legislature, LD 2102 became law, repealing the language currently proposed in this bill, that governed the process for calculating the property tax levy limitations. The repeal was supported by municipal officials, as well as the administration, as evidenced by testimony offered by the State Economist who stated that while the levy limit was well intentioned, "no progress was observed on the goal of reducing the tax burden on Maine residents as a result of this statute."

While it is often stated that "out of control municipal government spending" is to blame for increasing property tax bills, that is far from the truth. Property taxes are raised not only to fund municipal services, but to fund school and county expenses, expenses which are largely out of the control of municipal leaders, as well as to implement unfunded state mandates. As a matter of fact, in larger communities roughly 50% of the property tax revenues collected are used to fund non-municipal services. In more rural communities, 60-75% are used to fund school and county budgets.

To be clear, it is an overreliance on the property tax to fund state, school, county and municipal services that is increasing the burdens placed on property owners.

Municipal officials and residents of Maine's municipalities know what is best for their communities. The local budgeting process, regardless of the government structure, is open and transparent. Concerns over spending and any potential impacts on property taxes should be voiced to local officials well before a budget vote is taken and the tax bills are sent. Reinstating the levy limit as proposed in LD 542 only creates an additional, ineffective, administrative burden and accomplishes none of the desired spending guardrails.

With all this in mind, the LPC encourages the committee to vote ought not to pass on LD 542.

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.