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Testimony of the Maine Municipal Association (MMA)

In Support of

LD 1206, An Act to Control Property Taxes by Increasing the Percentage of the Business Equipment Tax Exemption That Municipalities May Recover

April 2, 2025

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 LD 1206.

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. Increased reimbursement rates for the Business Equipment Tax Exemption (BETE) program are one step towards these goals.

LD 1206 proposes to increase, over the next five years, the percentage of municipal reimbursement for lost revenue due to the BETE program. Most municipalities currently receive a 50% reimbursement, a level that was determined through PL. 2005, C 623, §1, when the BETE program was established. That 50% level is at the bottom of a tiered reimbursement level which started at 100% in 2008 and reduced over time to 50% in 2013. This bill would increase the level to 80% by 2030.

Both the Business Equipment Tax Refund (BETR) and the BETE programs were created to encourage business growth and capital investment in the state. As eligible BETR businesses began to reduce in number, eligible BETE businesses increased. Likewise, as the BETE reimbursement percentages decreased, the equipment eligible for exemption increased.

Fostering economic development is a vital task that should be done as a partnership between state and local officials. As times and the economy have changed since 2013, so have the costs of doing business for both the private and public sector. Municipalities need increased tools to maintain the appropriate level of services their communities require and need support from the state to implement programs that benefit all.

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