



Timothy Nangle
Senator, District 26

THE MAINE SENATE
132nd Legislature

3 State House Station
Augusta, Maine 04333

Testimony of Senator Tim Nangle introducing
**LD 1537, "Resolve, to Establish the Commission to Study Lowering Property
Taxes by Revising the State-Municipal Revenue Sharing Program"**
Before the Joint Standing Committee on Taxation
May 1, 2025

Senator Grohoski, Representative Cloutier, and distinguished members of the Joint Standing Committee on Taxation, my name is Tim Nangle. I proudly represent Senate District 26, which includes the communities of Casco, Frye Island, Raymond, Windham, and part of Westbrook. Today, I am presenting LD 1537, a "Resolve, to Establish the Commission to Study Lowering Property Taxes by Revising the State-Municipal Revenue Sharing Program."

This proposal was brought to my attention by the Windham Town Council. Windham is a community like many across Maine, working to meet growing service demands while trying to keep property taxes affordable for working families and seniors. Local leaders reached out to me with a simple question: Is the revenue sharing program we have today still serving its intended purpose — and if not, how can we improve it?

Maine's state-municipal revenue sharing program was established in 1971 specifically to address the overreliance on property taxes as a primary source of funding for municipal services. Property taxes, while essential, do not scale with a household's income, making them a heavier burden on lower- and middle-income residents. The goal of the program was to utilize a portion of the state's broader tax base, including income and sales taxes, to provide more statewide support to municipalities and help stabilize local tax rates.

It's not just good practice; it's state law. Under Title 36, §714, municipalities are required to deduct expected revenue sharing from their tax levy before setting the mil rate. In other words, every dollar received through revenue sharing must be passed directly on to taxpayers in the form of lower property taxes.

Over the last two decades, the revenue sharing program has experienced periods of instability, with funding levels reduced or diverted during times of fiscal pressure. These fluctuations strained municipalities and undercut the program's original purpose. Fortunately, in recent years, the Legislature and the Mills Administration have restored the program to its full 5% funding level.

That's a meaningful step toward honoring the state's commitment to local communities. But funding is only part of the picture. The underlying formulas that determine how revenue is distributed haven't been revisited in a long time, and they may not fully reflect the service demands, tax burdens, or economic realities of municipalities in 2025. This study gives us the chance to ask those questions and make sure the system is as fair and effective as it can be.



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That's what LD 1537 is designed to address. This bill creates a bipartisan, stakeholder-driven commission to conduct a thorough review of the revenue sharing system and recommend ways to make it more fair, transparent, and sustainable. The commission would include municipal officials from communities both large and small, members of the public with expertise in finance or tax policy, and state officials, alongside legislators from both chambers and both parties.

The commission's charge includes reviewing both components of the program:

- **Revenue Sharing I**, which distributes 80% of funds to all municipalities based on population and property tax rates.
- **Revenue Sharing II**, which allocates the remaining 20% to towns with especially high property tax burdens, targeting relief where it's most needed.

This structure hasn't been substantially reviewed in decades, despite significant changes in population patterns, service costs, and economic conditions across the state. I believe now is the time to have that conversation and strengthen revenue sharing for the future.

This bill doesn't prescribe any changes. It simply gives us the opportunity to look closely at the data, listen to stakeholders, and build a shared understanding of what's working and what needs updating. If we get this right, we can offer more effective property tax relief to Maine people and support the long-term fiscal health of our municipalities.

I respectfully urge the committee to support this resolve. Thank you for your time. I would be happy to answer any questions you may have.

Thank you.

Tim Nangle

State Senator, Senate District 26

Representing Casco, Frye Island, Raymond, Windham, and part of Westbrook