



MAINE MUNICIPAL ASSOCIATION SINCE 1936

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Testimony of the Maine Municipal Association (MMA)

LD 2212, An Act Making Unified Supplemental Appropriations and Allocations for the Expenditures of State Government, General Fund and Other Funds, and Changing Certain Provisions of the Law Necessary to the Proper Operations of State Government for the Fiscal Years Ending June 30, 2026, and June 30, 2027

In Support of and Opposition to Certain Initiatives Relating to Property Taxation

February 19, 2026

Senator Rotundo, Senator Grohoski, Representative Gattine, Representative Sayre and distinguished members of the Joint Standing Committees on Appropriations and Financial Affairs and 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).

Enclosed in the packet you will receive today are two different pieces of testimony addressing portions of the supplemental budget related to property taxation programs.

First, testimony in unanimous support for the continued commitment to the State-Municipal Revenue Sharing program. The 5% share of sales and income taxes is vital in assisting communities to mitigate the impacts of property taxes. The revenue sharing program also illustrates the vital partnership between state and local governments and the role local government plays in the provision of state policy programs.

Second, testimony in opposition to the sections that expand property tax exemptions to a select subset of taxpayers. This session, the LPC proposed a slate of bills aimed at reducing property taxes for all taxpayers. Simply said, expansion of exemptions for some taxpayers equals an expanded shift in taxation to all taxpayers, even the beneficiaries of the exemption program. Attached to this second piece of testimony is a memo from the LPC to the taxation committee from last spring, outlining their reconsideration of LD 888, the original bill language of the veteran's exemption expansion budget initiative.

Municipal officials also express concern for the tax shift that will occur when businesses no longer eligible for the Business Equipment Tax Reimbursement program apply for exemptions under the Business Equipment Tax Exemption program. This additional shift could add considerable administrative burden and provides reimbursements for only 50% of lost tax revenue associated with the exemption.

I appreciate the opportunity to outline MMA's positions on these selected initiatives in the supplemental budget and to share the municipal perspective on these important issues. Please feel free to contact me or any member of the MMA Advocacy team with questions related to municipal operations.



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Revenue Sharing. As proposed, the governor's supplemental budget continues to support municipal operations through several initiatives and funding. Municipal officials appreciate the continued commitment to revenue sharing.

Since 1971 the State-Municipal Revenue Sharing program has aided Maine municipalities by helping to offset the property tax burden. While the program has had its share of difficulties, the return and commitment to the statutory sharing of 5% of sales and income tax to municipalities is a vital revenue stream for municipalities. These revenues support municipal efforts to fund school and county programs, provide desired municipal programs and services, and implement state mandates and policy priorities while mitigating the impacts on Maine property taxpayers.

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



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In Opposition to Certain Initiatives Relating to Property Taxation

February 19, 2026

Senator Rotundo, Senator Grohoski, Representative Gattine, Representative Sayre and distinguished members of the Joint Standing Committees on Appropriations and Financial Affairs and Taxation, my name is Amanda Campbell, and I am submitting testimony in opposition to Parts M and O of LD 2212 on behalf of the Maine Municipal Association's 70-member Legislative Policy Committee (LPC).

Homestead Exemptions (Part M). Despite the proposed streamlining of property tax exemption applications, which will certainly reduce the prospective burden of administration at the local level, municipal officials remain concerned with the proposal to restructure the veteran's exemption, which will expand and increase eligibility. Although the proposal includes reimbursement for 76% of lost property tax revenue, municipal officials fear that once the extent of the increased cost of reimbursements is realized, either the percentage provided to municipalities will be clawed back, the program will revert to its original framework, or both. These scenarios leave local leaders on the hook to explain legislative changes that impact individual residents and the entire taxpayer base. Exemption program reimbursements are an important portion of municipal revenue. However, it is important to note that when one property taxpayer receives a benefit in the form of an exemption or program, and less than 100% of those lost revenues are reimbursed, all property taxpayers pay a little more, including the intended beneficiary. The LPC's opposition to LD 888, the original bill language of this budget initiative, was expressed in a memo to the taxation committee last spring, which is attached to this testimony.

BETR Sunset (Part O). With respect to the sunset of the Business Equipment Tax Reimbursement (BETR) program, municipal officials are opposed to the potential transition of qualified BETR businesses to the Business Equipment Tax Exemption (BETE) program and the resulting loss of property tax revenue. Under BETR, municipalities receive full payment of property taxes from business property owners. Under BETE, municipalities receive a 50% reimbursement of taxes lost for equipment that is eligible for the exemption. This scenario shifts the tax burden disproportionately from businesses to residential property owners.

Municipal officials have taken the position that at a time when the Legislature has approved the Real Estate Property Tax Relief Task Force to identify the most efficient and effective changes that could reduce tax burdens for all property owners, these proposed initiatives jump the gun and fail to provide the targeted relief that the task force has identified as priorities.

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



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To: Senator Grohoski
Representative Cloutier
Members of the Taxation Committee

From: Amanda Campbell, MMA Legislative Advocate

Date: Monday, March 24, 2024

Re: Legislative Policy Concerns regarding LD 888, *An Act to Expand Property Tax Relief for Veterans and Survivors of Veterans*

On Thursday, March 20, MMA's Legislative Policy Committee met to discuss and establish positions on several bills of municipal interest. During the meeting, a Legislative Policy Committee member requested that MMA reconsider its position on LD 888, *An Act to Expand Property Tax Relief for Veterans and Survivors of Veterans*. As the committee may remember, MMA provided testimony "neither for nor against" the bill.

In the process of reconsideration, several members raised additional concerns not only with respect to the continued erosion of the taxable property tax base, but also with the continued assumption that a particular group of property owners, whether based on age, or in this case, status as a member of the U.S. Armed Services, is the sole factor in determining the need for an exemption.

While there is not a single municipal official, member of the LPC, or MMA staff that does not greatly appreciate the commitment that members of the armed service have made to our nation, state and communities, the one size fits all approach in determining winners and losers in the payment of property taxes for needed programs and services, just does not work. While there are veterans who undoubtedly need assistance in paying property taxes, there are others who do not.

Moving forward with the approach proposed in LD 888, which does not include full state reimbursement, simply shifts additional burdens onto veterans, including those who would benefit from the expanded exemption, as well as all other property owners in our communities, including young homeowners, lifelong community members and business owners.

Our members understand that expressing this position is not popular, and one that will be easily misconstrued. Again, municipal officials appreciate the contributions of all who have, and will, serve in the armed services. The issue being raised is simply one of fairness, particularly with a process with roots in Maine's Constitution.

Rather than continuing down a path that implements a band aid approach to delivering property tax relief, on behalf of municipal leaders statewide, the members of MMA's policy committee urge the committee to do the work necessary to relieve the pressures placed on all property taxpayers. To that end, MMA and

our member communities stand ready to participate in discussions on this issue. Together, we can advance policies that address the concerns of all state and municipal taxpayers.

Thank you for your ongoing commitment to Maine's property taxpayers.