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**Testimony of the Maine Municipal Association (MMA)
In Support of**

LD 713, An Act Regarding Taxation

– now –

*An Act to Exclude Data Centers from the Business Equipment Tax Exemption
and Dirigo Business Incentives Programs and to
Require the Maine Department of Economic and Community Development
to Study Financial Incentives for Data Centers*

March 11, 2026

Senator Grohoski, Representative Sayre and distinguished members of the Joint Standing Committee on Taxation, my name is Amanda Campbell, and I am submitting testimony in support of LD 713 on behalf of the Maine Municipal Association's 70-member Legislative Policy Committee (LPC).

Municipal officials have consistently identified the erosion of the property tax base as a key driver in property tax increases. Exemptions of any kind create winners and losers and simply shift the property tax burden of exempted properties onto the entire tax base – including those who benefit from the exemption.

The Business Equipment Tax Exemption (BETE) program provides only a 50% reimbursement to municipalities for lost property tax revenue and relies entirely on municipal assessing officials to administer the state program with no administration reimbursement.

LPC members were polled for feedback regarding this bill with the majority supporting the proposal to exclude data centers from the BETE program.

That said, municipal officials recognize that there is a fine line in the balancing of state priorities that impact multiple policy areas. In this case taxation, energy consumption, natural resources and business growth all stand to face implications from data center development decisions.

Members of the LPC identified the study proposed in the bill, to be completed by the Department of Economic and Community Development, as a responsible first step in evaluating the impact of any kind of incentives that may be provided to data centers in the future. Likewise, the Real Estate Property Tax Relief Task Force, in their interim report to this committee, recommended an additional study group to evaluate both exemption and current use programs. Should either study move forward, MMA would request that municipal voices have a seat at the table.

Regardless of the group providing the study and subsequent data, municipal officials implore the researchers and this committee to consider the implications and consequences of continuing to erode the property tax base and if tax incentives, when weighed against the cost to the property taxpayers, truly provide the intended benefit.

Thank you for your consideration of the municipal perspective on this important topic. Please feel free to contact me or any member of the MMA Advocacy team with questions relating to municipal operations.

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