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Testimony of the Maine Municipal Association

In Support of

LD 1246 - Resolve, Directing the Department of Economic and Community Development to Convene a Working Group to Review the Process of Setting Impact Fees

April 22, 2025

Sen. Curry, Rep. Gere and distinguished members of the Housing and Economic Development Committee, my name is Rebecca Graham, and I am submitting testimony in support of LD 1246, at the direction of MMA's Legislative Policy Committee (LPC). Our LPC is composed of municipal officials from across Maine, elected by their peers to represent communities with vastly different enforcement staff, resources and capacities.

Impact fees are the only way a community can balance the cost of development for shared community resources like water utility expansion, stormwater conveyance and decouple historic combine sewer and stormwater lines which cost the property tax and rate payers millions of dollars to address and better places that burden on the project that necessitates the need to expand the infrastructure or require additional response and review services.

Constitutionally, there must be a governmental need for the fee, and it must be reasonably relational to the cost of the regulatory need. These are not fees that are made up with no nexus to actual community cost, though they are intended to make development that potentially causes great cost burdens on the community or environmental harm necessarily responsive to address both in advance.

Someone must pay for the added community costs and shifting this burden onto the community of taxpayers for the harms of development will further limit the lack of welcome large scales projects have in many areas. Officials welcome this proposal because they admit there is a significant lack of understanding of how these fees are used, their purpose, and their existing Constitutional limits which would help inform not only this committee but also allow them to directly address the misinformation around the "cost" of development and who is really paying for the impacts when fees are removed or waived. These decisions are deeply local in their harm and their need and thus need to be led by those who will remain impacted long after the project has ended. They are frequently waived where a project is either responsive in design to address mitigation or other funds can be used to address impacts.

If further direction is necessary on construction of the working group, officials ask that the group include sewer and water utilities, experts from stormwater regulated communities, economic development directors who manage tax increment financing projects, code enforcement and planning professionals and municipal managers and administrators. Additionally, given the likely enactment requirements for this legislation, 90 days after planned adjournment provides it will not be enacted until September 16, 2025, and this will provide a very limited timeline for the actual work to begin with a due date of the report in December. For these reasons, the Association suggest that the reporting deadline be extended into February of 2026 to provide ample opportunity to dive adequately down into the topic and include all impacted sectors and retain the ability to report out legislation in the shortened session.