

LD 2102 Testimony

February 20, 2024

Good afternoon, Chair Nangle, Chair Stover, and distinguished members of the State and Local Government Committee.

My name is Krista Chappell. I am a resident of Gray and serve as chair of the Gray Town Council. I am testifying today in support of LD 2102, "An Act to Support Municipalities by Repealing the Law Limiting the Municipal Property Tax Levy."

Good intentions gone wrong, the law of unintended consequences; however one frames it, the 2005 law originally known as LD 1 is ineffective, particularly for municipalities. In my time on Council, I have encountered anecdotes from other towns about LD 1 forms "filed in desk drawers" and overrides being a formality at town meeting. It is a law that once implemented resulted in at best more paperwork and at worst distrust and misperception about how municipalities allocate funds. And, most unfortunately, the Town of Gray falls under the latter category.

According to Maine Municipal Association's guide, [*Local Government in Maine*](#), only 18 out of 482 Maine municipalities have a form of government similar to Gray: Financial Town Meeting-Council-Manager. This form of municipal government requires an annual referendum vote to approve the town's municipal budget, similar to many school budgets. Usually this results in a more efficient and expedient legislative process for a town of 8,500, while still allowing some local control at the ballot box. But, without the ability of Council to approve an override of the property tax levy limit when necessary and an inability to explain the need at town meeting, Gray is solely dependent on residents arriving at the polls fully versed in the semantics of 20-year-old state statute.

If LD1 fails, then Gray's entire budget fails. In recent years, and after all or most budget warrants passing except an LD 1 override, Gray has been faced with failed budgets that result in greater cost burdens from repeat referendums and/or special town meetings. Moreover, there is looming uncertainty about how to fund and maintain essential services while budgets are revised and put to subsequent votes. This has been true even when our MILL rate has been unchanged or lowered.

Property taxes are impacted by several factors, municipal expenses, TIF funds, county assessments, and predominantly (and fittingly) by school districts. But when calculating the town's property tax levy limit only municipal costs are considered. Gray has repeatedly gone to great lengths to thoroughly communicate how and where we allocate funds prior to the June referendum. Nonetheless, misunderstandings persist.

I have witnessed a general misperception by many about how the municipality uses funds noted in an override question. Due to legal requirements dictating how the question is framed, the

budgetary figure noted appears to be supplementary to regular operating costs. In fact, it is contained in those regular budget items. But it has been implied that the Town is somehow inappropriately allocating funds, squirreling them away for some illicit use. In these heightened times, this misperception only further erodes trust in government.

Since implementation in 2005, what began as a worthwhile attempt to decrease the strain of local taxes has since become an ineffective and burdensome law that is no longer monitored or maintained by state agencies. Efficient and effective governance is difficult enough; I encourage you to consider the impacts of these good intentions gone awry. **The Town of Gray strongly urges you to pass LD 2102.**

Thank you for your time and attention.