

## **MAINE SERVICE CENTERS COALITION**

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### **Testimony of the Maine Service Centers Coalition LD 542, An Act Regarding Municipal Property Tax Levy Limits**

Senator Baldacci, Representative Salisbury and esteemed members of the Joint Standing Committee on State and Local Government, the Maine Service Centers Coalition is submitting testimony in opposition to LD 542, An Act Regarding Municipal Property Tax Levy Limits.

The Maine Service Centers Coalition, comprised of 26 towns and cities across the state, articulates the importance of healthy and thriving service center communities, advocates for public policy that supports and contributes to the economic and social viability of our communities, and collaborates with municipal officials, legislators, state agencies and nonprofits to pursue quality of life for all who live and work in our state.

The Coalition is opposed to LD 542 as it proposes strict limits on municipal property tax levies that would hinder our cities' and towns' ability to provide necessary, and in some cases mandated, municipal services. While we appreciate the sponsor's effort to minimize the burdens being continually placed onto our property taxpayers, the challenges facing our communities would only be exacerbated under this bill.

Unique to many of our service center communities is the disproportionate share of tax exempt entities located in our cities and towns. Tax exempt entities, critical to so many of our citizens, decrease our taxable property bases, yet still require municipal services. These entities do not appear to be included in the "property growth factor" used to calculate levy limits in the bill.

Like all Maine households and businesses, our municipalities have been experiencing steadily rising costs for goods and services, and we expect this trend to continue. Under LD 542, factoring in anticipated cost increases alone could require many more cuts than we are already making.

The only exemptions to the levy limits are those "outside the control of the municipal legislative body." Economic conditions that have a sudden and large financial impact on municipal budgets, such as skyrocketing fuel costs, would not be considered as exemptions. We also would be impeded in our ability to negotiate in good faith with employees as salaries and benefits are specifically excluded as exemptions.

Requiring surplus tax dollars be used in subsequent years to reduce property taxes would not be sound fiscal management. Municipalities would be required to use one-time funding for ongoing costs. In years with no surplus funds, municipalities would be in a deficit position before budget considerations even begin.

Finally, we wish to address the issue of local control. Maine has long recognized that local issues are best decided at the level of government closest to its citizens. Local control is a fundamental principle of Maine government and must be preserved. The strict limits on municipal property tax levies in LD 542 would turn over fiscal control of municipal budgets to the state.

We respectfully urge you to vote ought not to pass on LD 542. Thank you for your time and attention to our concerns.