

Testimony of the Maine Municipal Association (MMA)

In Support of LD 1060, *An Act to Support Municipal Public Safety by Increasing Municipal Revenue Sharing to 7 Percent*

March 30, 2023

Senator Grohoski, Representative Perry, and members of the Taxation Committee. My name is Kate Dufour, and I am offering testimony in support of LD 1060 on behalf of the 70 municipal leaders who were elected by their peers to serve on the Association's Legislative Policy Committee and directed to establish MMA's position on bills of municipal interest.

While municipal officials support an increase in the amount of state sales and income tax revenue distributed via the state/municipal revenue sharing program, they raise two significant concerns with LD 1060.

The first is the bill's intent to target the additional revenue toward the provision and funding of a particular program or service, rather than leaving it to the local legislative body (e.g., council or town meeting) to decide how best to invest those revenues. The attachment of strings to revenue that is used to reduce the burdens placed on property taxpayers, as well as to help fund the services the community desires, is an erosion of local level decision-making authority. To put a finer point on the issue, municipal officials are concerned that the bill will establish a troubling precedence, fueling additional amendments to the existing law providing members of the Legislature greater discretion to decide what is best of a community over the objections of the individuals who live in municipality and pay the property taxes necessary to fund services.

Second, municipal leaders are concerned that the two percent increase may have very limited impacts in many communities, and therefore not yield the additional revenues necessary to support the delivery of public safety services. For example, the increase would generate \$4 million in Bangor and \$3,500 in Seboeis Plantation. Municipalities that do not receive large amounts of revenue sharing would have very little options to fund public safety programs, raising additional questions with respect to how those funds would be invested.

For communities that would benefit from the investment proposed in LD 1060, the concern is different, but equally troubling. As illustrated during the years spanning 2006 to 2021, when \$800 million in revenue sharing was diverted to state coffers, nothing is sacred. Even this historic partnership program is subjected to the whims and the needs of each newly elected Legislature. The potential future loss of the 2% share could result in an increase in the mil rate to keep created or expanded public safety programs operational or the reduction in or the elimination of programs and services that residents have grown accustomed to receiving.

It is for these reasons that municipal officials are cautiously appreciative of the increase proposed in LD 1060 and look forward to discussing opportunities for sharing broad based state taxes with municipal government partners.

Thank you for considering the municipal perspective on this issue. If you have any questions about the Association's position on this bill, please do not hesitate to contact me at kdufour@memun.org or 1-800-452-8786.