

Top-Drawer Municipal Testimony Counters Proposed Repeal of Revenue Sharing

For over four hours Wednesday afternoon this week 40-plus municipal officials presented testimony to the Appropriations and Taxation Committees in opposition to Governor LePage’s proposal to eliminate the municipal revenue sharing program. That proposal is a component of the comprehensive tax reform plan embedded within the Governor’s proposed state budget. As is often the case when municipal officials congregate to discuss public policy matters of great concern, the municipal testimony was delivered with solid detail, obvious passion, a touch of humor, a touch of heat and an abundance of panache.

The members of the legislative committees may have been bracing themselves to hear account after mind-numbing account of the property tax rate increases each town and city would have to administer when revenue sharing disappears, and what additional program cuts would likely ensue. Perhaps they were pleasantly surprised. The municipal testimony addressed a wide array of issues associated with the

43 year old system that distributes a small share of sales and income tax revenue back to the local governments, essentially from where it came. The testimony was layered in content and as rich in policy considerations as the revenue sharing program itself. Revenue sharing is a four dimensional program currently stuck, regrettably, inside a one dimensional debate.

- Some of the common themes were:
- *State-local relationship.* Eliminating revenue sharing represents a serious breach in the relationship between the state and its local governments.
 - *Mandate recognition.* The services municipalities are mandated to provide for the general good of the state compels some level of state financial participation.
 - *Whose revenue is being shared?* When municipal effort nurtures the economy that generates the sales and income tax revenue and state government merely collects it, who is doing the sharing and who is doing the receiving?
 - *Efficiency and collaboration.* Municipalities large and small are robustly

engaged in collaborative efforts and do not need to be preached to on that score by state government.

- *Lack of effective offsets.* Rural Maine most especially obtains no benefit from a proposal mandating local governments to apply the property tax to tax exempt property.
- *Bridging municipal fiscal capacities.* Municipalities have widely varying fiscal capacities and revenue sharing, like no other system in law, is thoughtfully designed to help equalize the capacity of local governments to provide basic services.

Although not directly the subject of this public hearing, the municipal testimony also repeatedly stressed that younger households matter, too, and the Homestead property tax exemption should be provided without discrimination on the basis of age. The Governor is proposing to repeal the exemption for all homesteaders under the age of 65 and create a \$20,000 homestead exemption for those 65 years of age or older.

What follows is a small sampling of the testimony touching on the revenue sharing themes. (Slightly edited for format and context).

Ernest James, Chair of the Charlotte Selectboard

“In Charlotte we have the bare minimum of people on the payroll. If we take anyone off, we’d be breaking the law. Some offices, like General Assistance Administrator, have never ever been paid. We join with other towns for solid waste removal, ambulance and fire, share a clerk with two other towns and a collector. We cannot shorten our 23 or 24 miles of roads.... You remember when Abraham Lincoln and a

(continued on page 2)



The Appropriations Committee room filled with municipal officials from all corners of the state patiently waiting to testify.

Public Hearings (cont'd)

friendly judge agreed to trade horses? The judge gave Lincoln a blind horse, Lincoln gave the judge a saw horse. If the proposed budget without revenue sharing goes through, that's going to give Charlotte a dead horse."

Kathy Littlefield, Chair of the Waldo Selectboard

"A purpose of the revenue sharing program is to recognize the impact of the range of state mandates imposed on local governments including the old pre-existing mandates as well as the more recent ones. I have my own classification of these mandates, and I will try to just summarize.

- *Collective mandates. These are those little, small ones that taken by themselves don't add up to much but you add them all together they are a very significant increase to municipalities.*

- *Rulemaking mandates. Where agency rulemaking adds on, adds on, expands and expands and there is never any recognition, financially speaking.*

- *Mandates that are mandates but become law with no attached funding because they are unlabeled mandates, enacted with no preamble. (Examples given)*

- *State budget mandates. Mandates' tucked within the state budget are very significant, even to the point of being the budget's focal point. School consolidation law is a prime example. Again, no 90% reimbursement, only penalties for noncompliance.*

This unfunded mandate system wears many different faces and gets very complicated."

Judy East, Executive Director, Washington County Council of Governments

(Note: Demonstrating by action the collaborative approach exercised in Washington County, Judy presented input and testimony for the legislators' consideration that she had gathered from the towns of Alexander, Baileyville, Beals, Calais, Charlotte, Columbia, Eastport, Jonesport, Marshfield, Milbridge, Pembroke, Perry and Whiting.)

"The offsetting proposals do not help rural Maine. I am repeating what you've already heard. There's virtually no



Beverly Uhlenhake, the Deputy Mayor of the City of Brewer, described the detrimental impacts increased property taxes would levy on both Brewer's businesses and lower income residents.

privately owned tax exempt with a valuation exceeding \$500,000 in Washington County. The one that does, the regional hospital in Calais, is already in dire straits financially. ... There's no padding left in these rural budgets."

Greg L'Heureux, Finance Director, South Portland

"This past year, the businesses of South Portland had taxable sales of about \$930 million, generating approximately \$55 million in various sales, restaurant and lodging taxes for the state. Adding personal and corporate taxes, you have a community that is strongly contributing to the state economy... We provide the services required for those businesses to thrive. The cost to South Portland to maintain its regional commercial center is high. High road costs, high infrastructure costs for sewer and stormwater, fire, ambulance, police services related to crime, traffic accidents and other incidents in high commercial centers. This year we anticipate receiving approximately \$1.2 million in state revenue sharing, a far cry from the full revenue sharing based on the actual law of about \$2.9 million."

Joe Slocum, Belfast City Manager

"If you take away our remaining \$355,000 in revenue sharing, what else can we cut? We can cut \$117,000 when we close down the assessor's office. But no, that's mandated. We can cut the public works department by \$355,000. But no, that's mandated. We can cut \$125,000 we spend on the city clerk's office. But

no, you mandate elections and almost everything else that office does. We can cut \$413,000 we pay to the water district. But no, that's mandated as well. We can cut the fire department that also serves another town. But wait, we only have two full time firefighters and one of them oversees an ambulance that last month made 275 calls. We can cut \$28,000 we spend on animal control, but that's mandated as well... Maybe we should close down the transfer station, but you guys mandate that as well. In our budget, that's \$51,000 in property taxes. We could close down the harbor where we're mandated to have the harbor master. In our budget, that's \$31,000 in property taxes. We could cut the \$400,000 we spend on resurfacing roads, but yet again we've got to put this back into roads as we're mandated to do."

Tanya Emery, Director of Economic Development, Bangor

"Our region, our city, has invested \$80 million in public investments in the last few years for projects such as C&L Aerospace, Waterfront Concerts, the Cross Insurance Center; all of these investments have resulted in business growth, expansion, job creation in our city, and increased revenues to the State of Maine, all without state contribution. No state investment. We contributed \$1.62 billion in retail sales in 2013, the largest in the State of Maine. ... Revenue sharing cuts continue to erode our ability to attract and expand our business base which provides the jobs and revenue that we all need."

Josh Reny, Fairfield Town Manager

"But it is widely recognized that a disparity exists amongst the towns and their ability to pay for these vital services. The state desires to ensure that every child, regardless of their circumstance, is provided a quality education. The state desires to ensure that every citizen, regardless of their zip code, is protected during emergencies or if victimized by crime. Therefore, the State of Maine, over the course of many years, has developed laws that seek to equitably distribute the means to pay for those core functions of government... Eliminating, shrinking or even stagnating programs whose purpose is to produce greater equity will cause an ever-growing gap in the level and quality of education and public safety between

(continued on page 3)

Public Hearings (cont'd)

the socioeconomic regions of the state. Municipal leaders agree that our tax system is broken. The state as a whole is far too dependent on property taxes to pay for the most vital public services. State and town leaders have been, and shall continue to be, partners regardless of what some politicians might otherwise have us believe. We share the same goal: the cost effective delivery of essential services to the citizens of this state. Let us forge a new and improved partnership as we look towards the future."

Jack Clukey, Dover Foxcroft Town Manager

"Property taxes are a burden simply because they are just expected to pay for too much. Local share of education, services at the county level, and then all the services we've talked about at the local level. All of this from property taxes. I just want to ask the question: If we were starting over again, would we really look at the share of education that we have, the cost of county services, and all the local services... would we turn to property taxes for all of that? We might not."

Gary Fortier, Ellsworth City Councilor

"These businesses come to the state and thrive in the state because of the efforts of the municipalities. The efforts of business friendly towns and cities that must provide the services that are required above and beyond the resident population base. We provide the necessary infrastructure, public safety services, highway maintenance and public utilities while the state of Maine collects a corporate income tax, personal income tax and all of the sales tax as though all of the revenue was created entirely by the efforts of state government and belongs only to the state government. According to revenue sharing law that would be repealed by the Governor's budget, these are the "broad-based tax resources" that should help offset the cost of the municipalities that must oversee the rules of MUBEC, maintain the state's traffic light system, maintain the state's roads, oversee the Maine's land use regulations, etc."

Ben Sprague, Bangor City Councilor

"If revenue sharing were fully funded the City of Bangor would receive \$5 million approximately. What we have received



Jim Bennett, Presque Isle's City Manager, explained the necessary relationship between revenue sharing and the service center community's role as an economic engine for large regions of the state.

is \$2 million. There have already been significant cuts... The nonprofit revenue would be approximately \$3 million. Would we rather have \$2 million, \$3 million or \$5 million? It is a false choice. Obviously we'd rather have \$5 million but pitting one group against the other is politics of division. And for the state to be unable to balance its own budget and imagine that the way to fill the gaps in its budget is to further raid municipal coffers and tax nonprofits like homeless shelters and women's shelters and land trusts is in my mind a state that has lost its moral compass."

Peter Joseph, Freeport Town Manager

"At the same time, we are a full service community, we're also a significant tourist destination and economic engine for the state. In 2013 1.9% of the taxable personal consumption retail sales occurred in Freeport. Our estimate is that we generated \$18.6 million in sales tax revenue this year (that's only sales tax, that's not lodging tax, not meals and rooms tax, etc.) which went from businesses in Freeport into the state coffers."

Jack Kareckas, South Berwick Town Councilor

"There's been several questions by legislators regarding the efficiencies of local government, we're wicked efficient. Go down the list. We collaborate right now, I think we're a model of inter-municipal collaboration and regional collaboration... We split the code enforcement officers with Berwick and dispatch. We have inter-municipal police patrols because our

towns border each other and they sense if the police are there they'll spill over onto our roads and we do vice versa. With North Berwick we share an assessor and we share solid waste transfer. With Eliot, we used combined forces to replace a failed bridge last year. Guess what? We did it about 25% under budget. With the school district, we reduced fuel oil costs and paper. We're part of a 13-town York County committee for solid waste disposal. With Rollinsford (NH) and York we share emergency response. Guess what? The emergency responders are nonprofit. We lost our 55-year-old South Berwick ambulance, and York ambulance came in to save the day. If they get hit, it's going to affect our funding balance and we're going to lose our emergency rescue. And, obviously, we're in mutual aid with fire."

Bev Uhlenhake, Deputy Mayor of Brewer

"The City of Brewer is traditionally a blue collar city, we were brick makers, and we were mill workers, and now we're just workers. We know that the folks in our city are gonna have a hard time. They're mid- to lower-income and they'll be hardest hit by an increase in property tax. I do understand that the proposal offers some assistance to those with lower incomes, those forms of assistance, that refundable form of assistance, means you have to apply to get the refund. We know that those folks often don't access those services, they don't currently file income tax, which makes it a false offer of assistance. If you know that they're not going to access the assistance, don't offer it unless you know that they're actually going to be able to get it... I'm also concerned that there does not seem to be a concern about the effect of this budget on business and I know that the Governor wants to attract business with this budget. I think we need to think about those businesses that are already in the State of Maine that employ our citizens, that contribute to the state through income and sales tax. I have a day job, that day job is as a commercial real estate broker. I get to work with great businesses as they're developing their business plans. I get to work with even better businesses as they're growing. I also have the unfortunate task of filling those holes when those businesses fail. Businesses in the City of Brewer are struggling.... An additional increase in

(continued on page 4)

Public Hearings (cont'd)

property taxes for those businesses means a decrease in employees and a decrease in revenue to the state. I submit to you that this premise of good-for-business is a false premise.”

Jay Feyler, Union Town Manager

“Nearly every single department collaborates with another town. I currently plow 14 miles of your state roads. I register your vehicles, your snowmobiles, your ATV’s, your boats, your dogs, etc. etc., all that money goes to you. I see nothing. I plow those roads for nothing... Because we used to have this partnership with the state, performing these tasks was really not much of a burden. But with the loss of revenue sharing we have to consider where we’re going to cut... If you (the state) register your own vehicles, plow your own roads, register the dogs, see what it costs the state...”

Ed Barrett, Lewiston City Manager

“Municipalities have to have the resources to invest in economic development. Look at the Bates Mill complex. 15-20 years ago, it was a non-productive asset. The City invested heavily and borrowed lots of money to put that asset back to work and today there’s 2,000

employees there. Today it would be very difficult to do that because of how financially stressed we are. So as you stress municipalities you stress our economic development capacity.” (With respect to the municipal impacts of the tax reform proposal and the claim by the Administration that they have to be viewed in the context of the entire plan) “I’d also invite Commissioner Rosen to come to our tax office when tax bills are being paid and somebody’s tax bill goes up \$500, and he can go over the math to explain to them that they’re actually better off than they would be otherwise.”

David Merhalski, Denmark Town Manager

“But what I would like to speak about is the commitment that the state has made and that you have all made as representatives of the people of the state of Maine... The commitment the state made to municipalities is in law and each of you are representatives who have been given the mantle of legislators to carry out the will of the people within the law, and what I’m asking for is not only that you not cut revenue sharing further but that you restore it to the level it should be at... You have all been elected to make the difficult decisions. If you make revenue sharing



Mayor Marianne Moore testified on behalf of the City of Calais on various parts of the Governor’s proposed budget on both Wednesday and Thursday this week, including revenue sharing, Homestead exemption, the “BETR-to-BETE” conversion and taxing nonprofits.

go away, that means that I have to make the decisions that you have been elected to make yourselves. At the municipal level, if I have to cut another ten percent out of our budget, that’s going to be very hard and that’s going to represent a lot of very difficult decisions that myself and my Board of Selectmen are going to have to make. Fully respecting what you’ve done, you’ve all been elected to make those decisions.”

BETR/BETE Conversion Proposal Gets Mixed Reviews

This week, the members of the Appropriations and Taxation Committees met to receive public testimony on several elements of the Governor’s FY 2016–FY 2017 General Fund budget of significance to municipalities. Wednesday afternoon’s hearing was on the proposal to repeal the revenue sharing program. Thursday afternoon’s hearing on the proposal to limit the property tax exemption provided to certain nonprofit organizations attracted the most attention that day. Sandwiched in between those events was an important hearing on the Governor’s BETR-to-BETE conversion proposal.

As proposed in Part G of the Governor’s budget, the property currently enrolled in the Business Equipment Tax Reimbursement (BETR) program would be transferred over to the Busi-

ness Equipment Tax Exemption (BETE) program over a period of four years. The testimony on the proposal was evenly divided between the business and municipal communities, with some businesses wholeheartedly supporting the proposal, other business representatives more cautiously pledging support and the municipal representatives opposing the proposal.

Representatives of large industrial and commercial businesses supported the conversion as a way to reduce business risk. As provided under the BETR program, businesses pay the taxes and then file for state reimbursement for the taxes paid. Although the state originally promised 100% reimbursement, in leaner years, the businesses have received reimbursements of between 80% and 90% of

the taxes paid. Under the BETE program, however, the property would be exempt from taxation with the municipalities reimbursed by the state for 50% of the lost property tax revenue.

Retail business representatives provided testimony in support of the conversion proposal, provided that the BETE program eligibility standards are amended to allow retail property into the program. Currently, retail business personal property is eligible to enroll in the BETR program only.

In a nutshell, the business community representatives advocated for exempting their taxable property from taxation rather than rely on promised state reimbursement. Although a hit to the municipalities, it’s a business hedge against the risk that

(continued on page 7)

LEGISLATIVE HEARINGS

Note: You should check your newspapers for Legal Notices as there may be changes in the hearing schedule. For the Legislative Events Calendar, see the Legislature's web site at <http://www.mainelegislature.org/legis/calendar/>. If you wish to look up schedules by Committee, go to <http://www.mainelegislature.org/legis/bills/phwkSched.html>.

Monday, February 23

Appropriations & Financial Affairs in conjunction with the Taxation Committee
Room 228, State House, 10:00 a.m.
Tel: 287-1316

Proposed biennial state budget components of comprehensive tax reform Parts H (*amends the sales and use tax code: extends current tax rates; extends the application of the sales and use tax; enacts a collection allowance; makes other related changes*) & I (*amends the service provider tax code: increases the effective rate; broadens the application; makes other related changes*)

Education & Cultural Affairs
Room 202, Cross State Office Building, 1:00 p.m.
Tel: 287-3125

LD 131 – An Act To Amend the Laws Related to Public Funding of Charter Schools.

LD 235 – An Act To Adjust Appropriations and Allocations from the General Fund and Other Funds for the Expenditures of the Department of Education, the Maine Arts Commission and the Maine State Museum and To Change Certain Provisions of the Law Necessary to the Proper Operations of State Government for the Fiscal Year Ending June 30, 2015.

LD 265 – An Act To Require the State To Fund Public Charter Schools.

Tuesday, February 24

Agriculture, Conservation & Forestry
Room 214, Cross State Office Building, 1:00 p.m.
Tel: 287-1312

LD 203 – Resolve, Regarding Legislative Review of Portions of Chapter 28: Notification Provisions for Outdoor Pesticide Applications, a Major Substantive Rule of the Department of Agriculture, Conservation and Forestry, Board of Pesticides Control.

Labor, Commerce, Research & Economic Development
Room 208, Cross State Office Building, 1:00 p.m.
Tel: 287-1331

LD 164 – An Act To Establish the Maine Length of Service Award Program.

LD 188 – An Act To Protect Employees from Abusive Work Environments.

Transportation
Room 126, State House, 1:00 p.m.
Tel: 287-4148

LD 269 – An Act To Require the Maine Turnpike Authority To Consider Certain Third-party Studies and Municipal Recommendations in Its Decision-making Process.

Wednesday, February 25

Appropriations & Financial Affairs in conjunction with the Agriculture, Conservation & Forestry Committee
Room 228, State House, 10:00 a.m.
Tel: 287-1316

Proposed biennial state budget components Parts AA & CC pertinent to staff reduction and more limited jurisdiction of state forest rangers.

Criminal Justice & Public Safety
Rm. 436, State House, 1:00 p.m.

Tel: 287-1122

LD 62 – An Act To Require Notice to Municipal Officers of Violations of Emergency Medical Services Law and Rule.

Education & Cultural Affairs
Room 202, Cross State Office Building, 1:00 p.m.
Tel: 287-3125

LD 129 – An Act To Provide Options to Schools for Making Up School Days.

Marine Resources
Room 206, Cross State Office Building, 1:00 p.m.
Tel: 287-1337

LD 255 – An Act To Preserve the Integrity of Maine's Shellfish Industry by Increasing the Penalty for Interfering with Permitted Harvest.

State & Local Government
Room 214, Cross State Office Building, 1:00 p.m.
Tel: 287-1330

LD 165 – An Act Regarding the Funding of Volunteer Fire Departments.

LD 166 – An Act To Allow York County To Better Provide Rescue and Ambulance Services.

Taxation
Room 127, State House, 10:00 a.m.
Tel: 287-1552

LD 279 – An Act Regarding Payment under the Business Equipment Tax Reimbursement Program.

LD 281 – Resolve, To Modify the State Valuation of the Town of Madison To Reflect the Loss in Valuation of the Madison Paper Company and To Modify the State Valuation of the Town of Skowhegan To Reflect the Loss in Valuation of the S.D. Warren Company.

LD 282 – An Act To Modify the State Valuation of the Town of Madison To Reflect the Loss in Valuation of the Madison Paper Company, To Modify the State Valuation of the Town of Skowhegan To Reflect the Loss in Valuation of the S.D. Warren Company and To Amend the Law Governing School Subsidy Distribution in the Circumstance of Sudden Loss in Municipal Valuation.

Veterans & Legal Affairs
Room 437, State House, 10:00 a.m.
Tel: 287-1310

LD 145 – An Act To Amend the Verification and Certification Process for Direct Initiatives and People's Veto Referenda.

LD 176 – An Act To Amend the Law Governing the Gathering of Signatures for Direct Initiatives and People's Veto Referenda.

LD 197 – An Act To Strengthen Maine's Election Laws by Requiring Photographic Identification for the Purpose of Voting.

LD 225 – An Act To Amend the Laws Governing the Collection of Signatures for Referenda.

Thursday, February 26

Education & Cultural Affairs
Room 202, Cross State Office Building, 1:00 p.m.
Tel: 287-3125

(continued on page 6)

LEGISLATIVE HEARINGS (cont.)

LD 231 – An Act To Ensure That Schoolchildren with Dyslexia Receive the Assistance Needed.

Energy, Utilities & Technology

Room 211, Cross State Office Building, 1:30 p.m.

Tel: 287-4143

LD 192 – An Act To Clarify the Law Governing the Collection of Unpaid Sanitary District Charges.

LD 200 – Resolve, Regarding Legislative Review of portions of Chapter 895: Underground Facility Damage Prevention Requirements, a Major Substantive Rule of the Public Utilities Commission.

LD 216 – An Act To Amend the Charter of the Hampden Water District.

Environment & Natural Resources

Room 216, Cross State Office Building, 1:00 p.m.

Tel: 287-4149

LD 153 – An Act To Amend Setback Requirements and Standards Related to Species Migration under the Laws Regarding Development near Vernal Pools.

LD 307 – An Act To Amend the Shoreland Zoning Laws To Exempt Certain Walkways and Trails from Setback Requirements.

Judiciary

Room 438, State House, 1:00 p.m.

Tel: 287-1327

LD 162 – An Act To Protect the Rights of Property Owners.

LD 309 – An Act To Connect the Citizens of the State to the State's Natural Resources by Establishing Standards for Relief from Regulatory Burdens.

Labor, Commerce, Research & Economic Development

Room 208, Cross State Office Building, 1:00 p.m.

Tel: 287-1331

LD 249 – An Act to Enable Seniors To Remain in Their Homes.

LD 250 – An Act To Amend the Laws Regarding Dealers in Secondhand Precious Metals.

Friday, February 27

Transportation

Room 126, State House, 9:00 a.m.

Tel: 287-4148

LD 112 – An Act To Eliminate the Requirement That Adults Wear Seat Belts.

LD 185 – An Act To Prohibit the Use of a Mobile Telephone When Operating a Motor Vehicle Except in Hands-free Mode.

LD 196 – An Act To Ensure the Safety of Stationary Public Utility Emergency Service Vehicles.

LD 246 – An Act To Prohibit the Handling of a Mobile Telephone While Operating a Motor Vehicle.

IN THE HOPPER

(The bill summaries are written by MMA staff and are not necessarily the bill's summary statement or an excerpt from that summary statement. During the course of the legislative session, many more bills of municipal interest will be printed than there is space in the *Legislative Bulletin* to describe. Our attempt is to provide a description of what would appear to be the bills of most significance to local government, but we would advise municipal officials to also review the comprehensive list of LDs of municipal interest that can be found on MMA's website, www.memun.org.)

Environment & Natural Resources

LD 396 – An Act To Encourage the Use of Alternatives to Single-use Plastic Disposable Bags. (Sponsored by Rep. Cooper of Yarmouth; additional cosponsors.)

This bill requires a retailer to assess a 5 cent fee for a single use plastic disposable bag distributed to a customer at the point of retail sale. The retailer retains one cent from each 5 cent fee for administrative costs and may retain an additional cent if the retailer is willing to establish a carry-out program that credits a customer no less than 5 cents for each bag provided by the customer at the point of sale for packaging purposes. The remainder of the fees collected are credited to the Department of Environmental Protection for the purpose of establishing a program to promote recycling efforts related to plastics.

LD 397 – An Act Regarding the Packaging and Labeling of Disposable Cleaning and Personal Hygiene Products. (Sponsored by Rep. Cooper of Yarmouth; additional cosponsors.)

This bill provides that, effective January 1, 2016, a person may not package or label a disposable cleaning or personal hygiene product for distribution or sale in the state in a package or with a label that states the product is flushable and safe for sewer and septic systems unless the package or label states in a highly visible manner that the product is safe for sewer and septic systems, the person makes available to the Department of Environmental Protection documentation substantiating that the product meets the criteria for flushability as published in the 2013 Guidance Document of Assessing the Flushability of Nonwoven

Consumer Products, and the testing has been performed by a qualified laboratory.

Health & Human Services

LD 266 – An Act To Allow Access for Law Enforcement Officers to the List of Registered Primary Caregivers for Medical Marijuana Patients. (Sponsored by Rep. Blume of York; additional cosponsors.)

This bill permits the disclosure to a law enforcement officer by the Department of Health and Human Services of the list of registered medical marijuana primary caregivers within the law enforcement officer's jurisdiction in order to assist in ruling out the caregiver when verifying reports of criminal activity.

LD 368 – An Act To Integrate the State's General Assistance and Temporary Assistance for Needy Families Programs. (Sponsored by Sen. Brakey of Androscoggin Cty; additional cosponsors.)

This bill provides that a person who is ineligible to receive benefits under the state-federal Temporary Assistance for Needy Families program because the 60-month lifetime limit has been exhausted is also ineligible to receive municipal General Assistance.

Judiciary

LD 309 – An Act To Connect the Citizens of the State to the State's Natural Resources by Establishing Standards for Relief from Regulatory Burdens. (Sponsored by Sen. Collins of York Cty; additional cosponsors.)

This bill creates a right of action for a property owner to obtain either compensation or a waiver from regulation in the circumstance where a state law or regulation has reduced the value of the person's property by 50% or more of its pre-regulatory value. Specifically, and for the purpose of this new right of action, the bill: (1) defines a "regulation" as a state law or regulation and not a municipal regulation except as an action by a municipality in conformance with a state regulation that imposes a mandate on the municipality; (2) defines a "regulatory taking" as a regulatory limitation on a property owner's use of real

(continued on page 7)

HOPPER (cont.)

property resulting in a reduction in fair market value of 50% or more; (3) provides this right of action only with respect to regulations that are enacted after August 1, 2016; (4) allows the property owner to consider the cumulative effect of multiple prospective land use regulations to meet the 50% diminution threshold; (5) requires the analysis of the regulatory impact on value to take into account the entire property's value and not just a portion of the property; (6) applies a 3-year statute of limitations so that the property owner has that amount of time from enactment of the restriction(s) which triggers the 50% diminution threshold to initiate regulatory takings claim; (7) requires a person to engage in a mandatory mediation opportunity prior to filing an action in Superior Court, using a mediation program that closely parallels the land use mediation program that has been available since 1995 on a voluntary basis through the Court Alternative Dispute Resolution Service; (8) entitles the property owner to jury trial failing mediation to determine whether a regulatory taking has occurred or not; and (9) allows the state in the circumstance of a "regulatory takings", primarily through the mediation process, to either compensate the property owner for the diminished value or modify the regulatory action causing the reduction in value for that particular property owner.

Labor, Commerce, Research & Economic Development

LD 404 – An Act To Prohibit Public Employers from Acting as Collection Agents for Labor Unions. (Sponsored by Rep. Lockman of Amherst; additional cosponsors.)

This bill prohibits all public employers from collecting through payroll deductions fees or member dues owed by an employee to a collective bargaining agent.

State & Local Government

LD 408 – An Act To Help Municipalities Prepare for Changes in Sea Level. (Sponsored by Rep. Blume of York; additional cosponsors.)

This bill requires a coastal municipality or multi-municipal region that is developing a comprehensive plan and growth management program under the state's growth management planning and land use laws to include in the comprehensive plan information on, as well as a plan to address, the impact of changes in sea level on buildings, transportation, infrastructure, sewage treatment facilities and other relevant municipal or privately held infrastructure or property.

Transportation

LD 371 – An Act To Enhance Safety for Highway Maintenance Vehicles. (Sponsored by Sen. Collins of York Cty; additional cosponsors.)

Current law requires motorists to attempt to use a nonadjacent travel lane, if safely possible, when passing certain stationary emergency vehicles in or adjacent to a roadway while attending an emergency. This bill includes stationary highway maintenance vehicles to that list. A highway maintenance vehicle is defined as a public or private commercial vehicle used to maintain, construct or inspect the highways or the property of a public utility.

Veterans & Legal Affairs

LD 413 – An Act To Expand Access to Absentee Ballots. (Sponsored by Rep. Brooks of Lewiston; additional cosponsors.)

Current election law governing the issuance of absentee ballots requires a voter requesting such a ballot within 3 days of the election to provide a reason for needing to vote absentee, such as unexpected absence from the municipality during the entire time the polls are open on election day, physical disability, inability to travel to the polls, incapacity or illness. This bill repeals that requirement, allows all absentee ballots to be returned to the municipal election clerk by the close of polls on election day, and allows a person who wishes to vote absentee to vote in the presence of the municipal clerk anytime up to 8:00 p.m. on election day at any election.

BETR/BETE Conversion (cont'd)

the state won't meet its commitments.

The municipal officials providing testimony in opposition to the BETR-to-BETE conversion came from the communities of Bangor, Calais, Freeport, Madison and North Berwick. The testimony offered by municipal representatives focused on the impacts abolishing the BETR program would have on all other property taxpayers in the community and on state valuation based programs and assessments.

Phil Drew, Bangor's assessor, Melanie Sachs, Freeport councilor, Greg L'Heureux, South Portland's finance director, and Dwayne Morin, North Berwick town manager, provided the Committees with impact data. In Bangor, the transfer of property from the BETR program would shift \$732,000 of additional burden on the property taxpayers and cause a rate increase of over 1 mill. In Freeport, the shift, combined with losses in revenue sharing would be \$450,000, the equivalent of the City's library program or five months of funding for the community's public safety department. In South Portland, the loss is estimated to be over \$3 million in tax revenue.

The testimony offered on behalf of North Berwick focused on the unique circumstances faced by so-called "one horse" towns, where moving toward an exemption system not only hurts residential tax payers, but the actual business benefiting from the exemption. According to an analysis conducted by Mr.

Morin, the BETE related benefits provided to Pratt and Whitney, the town's largest property taxpayer, would be outweighed by the increased taxes the businesses would have to pay on its real estate property.

Bill Van Tuinen, Madison's assessor, focused on the impacts to the intergovernmental funding systems that rely on the state value to calculate both benefits and assessments. The issue highlighted in Mr. Van Tuinen's testimony was that it takes time for a loss of value to work its way into the state valuation figures that determine the distribution of state aid and a community's share of the county budget. Although the loss of value is immediately implemented at the local level and less tax revenues are being collected, the state valuation used to distribute municipal revenue sharing and for determining a community's share of the county tax assessment fails to recognize the loss in municipal value for at least two years. In the case of the a community's share of K-12 education funding, it takes up to six years for the formula to fully recognize that the property is no longer taxable. This delay in state valuation adjustment hits the hardest impacted communities with the double whammy of reduced value and locally-generated revenue without any positive adjustment in state aid and county tax assessments for at least two and as many as six years down the road.

CORRECTION

Thanks to an attentive reader we have been made aware of a typographical error published in the February 13 edition of the Legislative Bulletin. In the “Tax Committee Kills Local Option Real Estate Tax Bill” article it was reported that the state’s real estate transfer tax rate is 4.44%. The rate is actually 0.44%.

Legislative Bulletin

A weekly publication of the Maine Municipal Association throughout sessions of the Maine State Legislature.

Subscriptions to the *Bulletin* are available at a rate of \$20 per calendar year. Inquiries regarding subscriptions or opinions expressed in this publication should be addressed to: *Legislative Bulletin*, Maine Municipal Association, 60 Community Drive, Augusta, ME 04330. Tel: 623-8428. Website: www.memun.org

Editorial Staff: Geoffrey Herman, Kate Dufour, Garrett Corbin and Laura Ellis of the State & Federal Relations staff.