

2024

FEDERAL ISSUES PAPER



MAINE MUNICIPAL
ASSOCIATION **SINCE 1936**



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**MAINE MUNICIPAL
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February 26, 2024

Senator Susan Collins
413 Dirksen State Office Building
Washington, DC 20510

Senator Angus King
133 Hart Senate Office Building
Washington, DC 20510

Congresswoman Chellie Pingree
2354 Rayburn House Office Building
Washington, DC 20515

Congressman Jared Golden
1710 Longworth House Office Building
Washington, DC 20515

Dear Senator Collins, Senator King, Congresswoman Pingree, and Congressman Golden,

On behalf of the Maine Municipal Association's Executive Committee, I thank you for your service to the people of Maine and look forward to meeting with you in March to discuss issues of importance to municipal leaders.

Additionally, the Association greatly appreciates your ongoing financial investment in programs that help keep our most vulnerable residents in their homes; ensure ongoing maintenance of our roads and bridges; and through Congressionally Directed Spending and Community Project Funding, enable implementation of costly municipal infrastructure projects that build the capacity and resiliency municipalities need to address evolving challenges.

If asked to describe the theme of the 2024 Federal Issues Paper, I would say it is the need for increased collaboration among all levels of government and the more effective use of our collective strengths and resources.

To that end, what follows in this year's edition are descriptions of the challenges municipal leaders are facing, in some cases daily, including homelessness, the mental health crises, and the provision of emergency management services in a cost-effective manner. However, municipal leaders are not asking for a specific or desired outcome, but simply for the opportunity to discuss issues and brainstorm possible outcomes. In recognizing that each layer of government has a specific role to play, the solutions must be coordinated among levels of government to ensure that available financial and technical resources are directed to those implementing needed programs and services. While we understand that our time together in March will be limited, we look forward to continuing our conversations with your staff who can help point us to available resources, aid in the acquisition of technical assistance, and facilitate the development of mutually beneficial solutions.

On behalf of the Maine Municipal Association, its Executive Committee, and municipal officials from across the state, I thank you for your commitment to public service, the programs and federal funding you secure for our residents and businesses, ongoing support for your local government partners, and your willingness to take time out of your busy schedules each March to me with us. I am eager to discuss the future of our great state and how we can work collaboratively to advance the changes necessary to secure the state's vitality for decades to come.

Sincerely,
Diane Hines
Ludlow Town Manager
President, MMA Executive Committee



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An Overview: Maximization of Resources.

The reliance on municipal government to provide programs and services for the general good of the state is embedded in Maine's history. Several of the programs and services that towns and cities are required to provide have been mandated by law since statehood, and in some cases are a response to the demands the federal government places on states. This long-standing reliance on local governments recognizes the inherent capacity of municipal government to deliver an array of public services more efficiently and effectively than larger, more centrally located governments, while providing the greatest level of accountability to the public being served.

However, over the years the tasks and responsibilities assigned to local governments have increased in number, cost, and complexity.

When first incorporated, municipalities were relied upon to conduct elections, aid impoverished citizens, and impound stray animals. Over the decades the maintenance of local roads, cemeteries and veterans' graves were added to the mix, and since 1970 these mandates have taxed local resources and expertise by shifting responsibility for solid waste management and code enforcement to towns and cities. Most recently, the municipal role has been expanded to include several societal issues including climate change mitigation, homelessness, and the mental health and substance use disorder crises facing far too many of our residents.

While some additional resources have been directed to towns and cities, largely in the form of competitive grants, the availability of resources and the capacity for some communities to apply for the revenue pale in comparison to the breadth of tasks assigned. If local governments are expected to play a larger role, then additional technical and financial assistance needs to be provided.

What follows are a few examples of the challenges facing municipal officials, where greater assistance from state and federal partners is not only warranted, but also desperately needed. Since the members of Maine Congressional Delegation are familiar with these issues and the impacts on Maine residents, we have elected to provide a brief summary, as a simple reminder, of the pressing issues most deserving of a coordinated and equitable response among levels of government.

Homelessness & Housing.

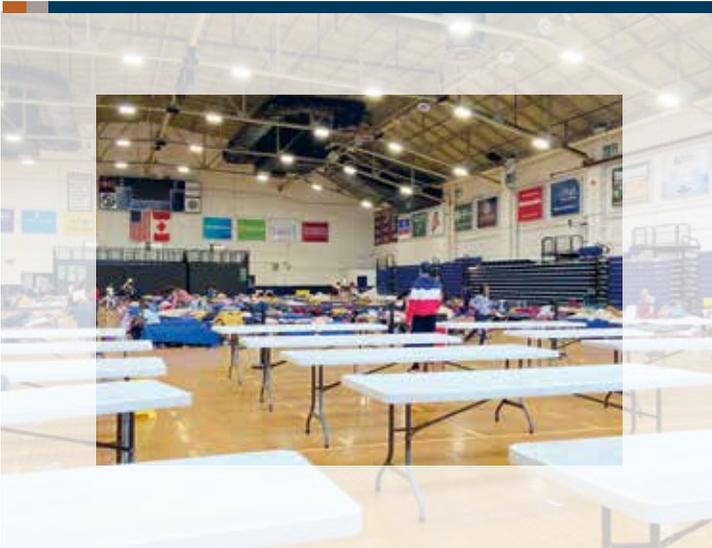
According to the Maine State Housing Authority, 4,300 people were determined to be experiencing homelessness during the state's 2023 Point in Time Study. In 2022, the number of homeless residents was 3,455, representing a 25% year-over-year increase in Maine's unhoused population. To put the number into context, in 2018, the same time study found that 1,125 Mainers were experiencing homelessness.

No one disagrees that more affordable housing needs to be built and financed in communities across the state. However, municipal leaders have received the brunt of the frustration felt by state leaders and social service agencies that occurs when implemented solutions do not create the intended outcomes. As a result, local regulations have been identified as the sole impediment, or more bluntly, the scapegoat.

For most municipal officials the problem with the growth of residential housing has more to do with the lack of capital to invest in development, or access to government subsidies to build housing sold or rented at below market rates. Additionally, the proliferation of the short-term rental industry continues to deplete the inventory of year-round housing, all while repeated requests for assistance in regulating the industry fall on deaf ears.

Adding salt to the wound is the state's dissolution of the State Planning Office in 2012. At its prime, the state agency acted as an important information-based liaison between state policy makers and the local officials left to implement identified goals.

Finally, considering that federal support for housing programs, including home ownership, rental housing development, home improvements and energy, rental, and homelessness assistance, has increased by 137% since 2018, perhaps a reassessment of how those funds are invested is integral to finding a better path for developing necessary housing.



Asylum Seeker Work Permits.

Maine's largest communities continue to experience increases in the number of asylees seeking assistance, which significantly increases expenditures under the General Assistance (GA) program. Rising food, fuel, and housing costs, coupled with delays in the processing of federal work permit paperwork, shifts the burdens of caring for asylees onto property taxpayers without recourse or additional reimbursement. Between 2013 and 2022, the state's share for GA expenditures was roughly \$11.2 million, annually. In 2023, state reimbursement under the GA program jumped to \$23 million, increasing the combined state and municipal expenditure to an all-time high of \$30 million. In 2024, it is projected that state reimbursements under the program will increase to \$29 million.

Additionally, municipalities struggle to find housing for new families, English as a Second Language programs are at capacity, social services programs are overwhelmed, and municipal staff are facing burnout. In response, Portland, with the help of the Center for Regional Prosperity Maine Immigrants Coalition, the State of Maine, and Developers Collaborative, opened a new, 179-bed shelter designated for single asylum seekers, which is expected to free up 100-125 beds at the city's Homeless Services Center. Governor Mills has advanced legislation creating the Office of New Americans, which is charged to improve the economic and civic integration of immigrants into Maine's workforce and communities. However, until the initiative is enacted by the Legislature, there is no guarantee that additional

relief will be provided to the hardest hit communities, including Portland, South Portland, and Lewiston.

As we discussed last year, the burdens being placed on the property taxpayers in a handful of municipalities could be avoided if asylum seekers were allowed to work shortly after relocating to the U.S. The solution would not only help these new Mainers settle into their communities quickly and permanently, but also help in addressing the state's workforce challenges.

Broadband Development IRS Hurdle.

The need to expand access to reliable broadband throughout Maine has been a topic of discussion for nearly a decade. The pleas for assistance from municipal leaders, which began as an observation that Maine was being left behind in the deployment of reliable, high-speed internet, have quickly evolved into more urgent appeals, as broadband access is now as important as electricity, heat, and water.

However, significant steps have been taken to build the infrastructure needed to ensure all areas of Maine have access to the information superhighway. In 2021 the Maine State Legislature created the Maine Connectivity Authority (MCA), a quasi-governmental agency, which is overseeing a \$272 million grant funded through the Bipartisan Infrastructure Law's Broadband Equity, Access, and Deployment Program, as well as \$129 million in the American Rescue Plan Act's (ARPA) Capital Projects Fund.

Despite these advancements and investments, municipalities seeking avenues to expand broadband connectivity still face hurdles. One such challenge is a 2017 IRS income tax provision that subjects private entities that receive federal funding to income tax liability for the value of the award. As a result of the IRS regulation, all MCA awards funded through the ARPA's Capital Projects Fund are subject to income tax for certain subgrantees. In December 2023, New Jersey based Matrix Connected Fiber Broadband, notified MCA of the decision to decline grant awards to build broadband infrastructure in the towns of Fayette and Wilton, due to federal income tax liabilities. Although MCA worked with the provider and the impacted communities to develop and implement a solution, the interested parties

were unable to develop a financially and legally compliant solution that suited Matrix's interest.

According to MCA, 95% of the town of Fayette was considered "least served," ranking below both the unserved and underserved rankings. Had the project moved forward, 748 connections with an average of 14 connections per mile would have been available to Fayette residents, visitors, and businesses.

River Capacity Study Funding.

As aquaculture-based businesses expand in communities that border ocean fed rivers, so does the need for monitoring the impacts these activities have on the health of Maine rivers. Compounding the issue is that the reports studying these expanding industries have conflicting impact results. To protect the very natural resources that support Maine's economic vitality, river capacity studies must be funded and conducted to establish base-lines that allow for the timely implementation of corrections as problems arise.

Access to Mental Health Services for All.

According to the findings published by Mental Health America, when ranked according to a prevalence of mental illness and access to care, Maine was 26th in the nation. The findings show that residents in 50% of all other states have a combination of a population that has less mental health related conditions and greater access to care. Maine lags behind all other New England states with Massachusetts ranking third in the nation – a positive result – and Connecticut, Vermont, Rhode Island, and New Hampshire ranked above 15, respectively. The study also found that 188,000 adults reported having a substance use disorder and 56,000 adults reported struggling with serious thoughts of suicide. Adding fuel to the fire, according to National Alliance on Mental Illness, 65,000 Maine adults did not receive needed care.

These statistics are played out in our communities, as state, county and municipal law enforcement agencies are increasingly responding to individuals who are suffering and do not have access to appropriate mental health care and services, while simultaneously dealing with the physical and mental health risks associated with providing first responder services. Several studies have concluded that excessive exposure to undesirable events with negative outcomes have been associated with increased risk for suicide, as well as increased risk for the early onset of cardiac health deterioration in police officers, firefighters, EMS, and dispatchers.

In recognition of the need, MMA's 12-member Executive Committee elected to make first responder mental health a top priority in 2024 by directing MMA to implement the Serve Strong program. The initiative, which is being offered to municipal associations via a collaboration between the National League of Cities' Risk Information Sharing Consortium and Alliant Insurance Services, is designed to provide first responders access to web-based mental health services offered by providers familiar with the stresses and trauma experienced by members of the law enforcement, firefighter, EMS, dispatcher, and correctional communities. The program, which is scheduled to launch in March, provides 24/7 access to a web-based health assessment platform and accompanying teletherapy services designed to work together to allow first responders to seek support for their most pressing challenges.



While the service will provide much needed support, MMA staff continues to work on identifying the number of Maine certified mental health providers necessary to ensure the success of the Serve Strong program.

Federal support for increased access and the reduction of barriers to interstate telehealth options could help efforts to provide Maine's first responders greater access to culturally competent care.

Modernize Funding in Exchange for Wastewater Investment Innovation.

Continued investment in the way communities treat wastewater is of ever-increasing importance, especially as states across the nation learn about the variety of health effects associated with exposure to and consumption of per-and polyfluoroalkyl substances (PFAS). For many communities, the ability to build the necessary treatment facilities is cost prohibitive. In communities with facilities, the cost of needed upgrades leads to delays in improvements. The rules that guide and the funding mechanisms that support the implementation of the Clean Water Act do not reflect modern day advancements. A review of and amendments to existing rules could lead to upgrades in treatment facilities that, in turn, would help offset carbon emissions, reduce phosphates and nitrates, and enable treated water to be deemed potable.



Increase EMS Reimbursement Under Medicare/Medicaid.

In 2022 the Maine State Legislature created the Blue-Ribbon Commission to Study Emergency Medical Services in the State and partially implemented one of the commission's recommendations by transferring \$31 million in unappropriated General Fund surplus to the Emergency Medical Services Stabilization Fund Grant Program. The program provides financial assistance to EMS providers at imminent risk of failing and leaving their communities without access to adequate emergency medical services, as well as to assist EMS entities with long-term sustainability and resiliency planning and programming. The commission's report, however, recommended allocating \$70 million annually over the course of five years to address the statewide inadequacies in the provision of emergency medical services.

The Blue-Ribbon Commission was revived in 2023 and tasked with further exploring key pressures impacting every level of public safety across the state, including issues around workforce development, training, staff compensation and retention, and the unequal investment at levels of government charged with addressing the crisis.

Public safety professionals in every sector are responding to complex emergencies that have drastically changed over the past decades, placing an ever-increasing burden on training, and the level of education and expertise required to fill the roles often held by service-minded residents in their spare time. In many cases it is local volunteers that enable many small communities to have a part-time fire or rescue service. The lack of affordable housing for the average resident –let alone full-time public servants– means Mainers are commuting farther away from their communities to make ends meet or working multiple jobs, leaving little time for community service.

Additionally, reimbursement rates under the Medicare and Medicaid programs continue to fall short of the actual costs of providing emergency medical services. As a result, additional burdens are shifted to property taxpayers in municipalities with EMS programs.



PFAS Remediation.

As we discussed in 2023, the increasing presence of PFAS in groundwater and soil across the state led to the abrupt adoption of policies that have shifted additional costs onto the property tax and other related fees. In some towns and cities, the added costs are associated with the need to find alternative mechanisms for disposing of sludge that was once managed via land application, while other municipalities continue to grapple with the cost associated with implementing public water and wastewater systems. Universally, however, the fear among municipal leaders is that as the price of remediation rises, the financial burdens for the recommended solutions will shift from the federal government to the state, and ultimately land on the shoulders of the property taxpayers.

This concern is exacerbated by the introduction of the PFAS Action Act in Congress. As detailed in the announcement, the bill seeks to establish “a national drinking water standard for select PFAS chemicals, accelerate designation of PFOA and PFOS chemicals as hazardous substances, which EPA has recently proposed, limit industrial discharge, and provide \$200 million annually to assist [emphasis added] water utilities and wastewater treatment, among other provisions.” Considering that many of the products used by municipalities that have contributed to the PFAS crisis were either regulated at the federal level, such as fire suppression foam, or authorized via state license, such as the land application of treated sludge, the use of the term

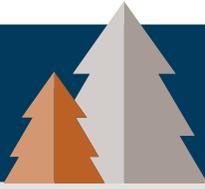
“to assist,” is concerning. In the process of debating a much-needed response to PFAS contamination, municipal leaders ask that federal level decision makers take into account the burdens already placed on Maine’s property taxpayers. Considering that the activities resulting in PFAS contamination were approved by state and federal regulatory agencies, the cost should not be solely borne by the municipalities.

CDL & Cannabis.

Last year’s edition of the Federal Issues Paper included a discussion on the intersection of commercial driver’s license certification, the legalization of recreational cannabis in Maine, and the subsequent need to modernize current regulations regarding the use of legal products among municipal employees. Towns and cities continue to experience difficulties recruiting and retaining employees with CDL certification, because adult use cannabis is still illegal at the federal level, and any trace of the substance in drug related testing results in the loss of a commercial driver’s license, regardless of impairment or whether a product was used for recreational or medical purposes, by ingestion, or topically applied. The result is the creation of a system that treats employees using legal substances differently. For example, the employee who consumes cannabis on a Friday evening will lose their credentials, while another enjoying a few beers will not.

To this day, municipal officials condemn the operation of vehicles while under the influence and the use of such substances while performing job duties. However, municipal leaders are urging members of Maine’s delegation to support initiatives that offer alternative cannabis testing practices.

Evidence that this industry is growing stronger is found in state level policy decisions that on an annual basis expand the adult use cannabis industry. This year’s measure, currently before the Legislature, seeks to authorize the on-site consumption of cannabis products, all in the name of the economic development generated by out-of-state tourists who need a place to relax.



Executive Committee

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OUR MISSION

The mission of the Maine Municipal Association is to support excellence in Maine's municipalities by providing important services and advocating for their common interests.

OUR CORE BELIEFS

LOCAL GOVERNANCE

We believe that local government is the foundation of a strong democracy and is fundamental to the provision of essential services that promote the safety, health and well-being of residents and communities.

LEADERSHIP

We believe in the accessibility and accountability of municipal officials, with a commitment to honesty, civility, integrity, and the highest ethical standards. Municipal Officials are entrusted to develop cohesiveness and build strong future-driven communities.

COLLABORATION

We value and support opportunities for collaboration and partnerships among municipalities, public organizations, and private entities.

DIVERSITY, EQUITY, AND INCLUSION

We respect the uniqueness of each municipality and the diversity within the community. We are dedicated to ensuring that all individuals are treated equally, respectfully, and fairly.

FISCAL INTEGRITY

We believe that financial accountability, transparency, and responsible management of resources are essential for MMA and its member municipalities.

EXCELLENCE IN SERVICE

We believe in listening to and supporting member municipalities to ensure that their priorities, needs, and educational requirements are met through services and programs.