

Restoring the State-Municipal Partnership Facts

A Summary of the Municipal Point-of-View

All units of government must work together to provide a full complement of services to Maine residents, visitors and businesses.

- Municipal officials are committed to developing positive working relationships with state policymakers, in an effort to rebuild and strengthen the intergovernmental partnership necessary to successfully address current issues and meet future challenges.

Maine is the sum total of its towns, cities, and plantations. We're in this together.

- The state's overall financial health depends on strong local economies. Municipal investment in infrastructure (e.g., roads, bridges, broadband, etc.) and economic development activities supports the local businesses that form the backbone of Maine and nurtures the economic growth necessary to sustain the state's character, attract new residents and keep native residents rooted.

State funding priorities place additional burdens on property taxpayers.

- State tax codes are often described in terms of their balance, progressivity and fit with the current economy. In Maine, state, municipal, school and county services are funded primarily with property, sales and income tax revenues. Of the nearly \$6 billion raised annually through the assessment of local and state taxes, 45% of those revenues are generated by the property tax, with the income and sales taxes generating 30% and 25%, respectively.
- Although municipal officials recognize that local government units are better suited than the state to provide certain services, the cost of providing legislatively required municipal services comes at a price to property taxpayers.
- The cost of state mandates, such as appointing code enforcement officers, managing solid waste, training firefighters, overseeing federal, state and local elections, administering the General Assistance program, maintaining state aid roads, maintaining veterans' graves, providing animal control services and enforcing shoreland zoning regulations, to name a few, place additional burdens on already strained municipal budgets.

By reserving historically shared revenues for itself, the state places additional pressures on property taxpayers.

- During the last 14 years (FY 2006-2019), nearly \$695 million in the State/Municipal Revenue Sharing Program funds have been deposited into the state's General Fund rather than distributed to municipalities. Yet the state annually collects over \$3 billion in sales and income tax revenues thanks in large part to local investments in resources and infrastructure. The next Legislature must restore funding for this vital municipal program.
- Although Maine statute sets the state share of K-12 education funding at 55% of the cost the Essential Programs & Services (EPS) model calculates as necessary to educate students, the Legislature has not yet met this obligation. Currently, the state is funding only 49.5% of the cost directly associated with educating students. The next Legislature must work on initiatives that reduce the burden placed on property taxpayers to fund K-12 education.
- Despite the fact that the state implements the policies dictating who is imprisoned, for what length of time, and whether housed in a state prison or county jail, state funding for county jail operations accounts for less than 20% of total related expenditures. The next Legislature must increase its share of funding for county jail operations.