



**Testimony of Phil Drew, Assessor, City of Bangor Before the  
Joint Standing Committee on Appropriations and Financial Affairs and Taxation**

**Regarding the Proposed Budget for FY 18 and FY 19**

**February 7, 2017**

Sen. Hamper, Rep. Gattine, Sen. Dow, Rep. Tipping, and members of the Joint Standing Committees on Appropriations and Financial Affairs and Taxation, my name is Phil Drew, and I am the City of Bangor Assessor. I am testifying today in support of the budget provision that would shift taxing authority of two-way telecommunications personal property from the State to the local level.

The State Tax Assessor obtains equipment lists by municipality from each telecommunication business owning or leasing qualified telecommunications equipment within the State. The State Tax Assessor determines the just value and then applies the actual tax rate for the municipality in which the qualified telecommunications equipment is located. This is the only instance of the State Tax Assessor assessing and collecting personal property taxes.

Currently, the State taxes the wires, cables and transmitting equipment and the local assessor taxes the tower, fencing, telephone building, etc. In the future, all property would be reported and taxed by the community where all such property is situated on the first day of April.

This proposal would eliminate the need for these businesses to determine which assets on a cell tower would be assessed by the State and those that are assessed locally, thereby streamlining the entire process. It is unlikely that the local communities would use a valuation approach much different than the State Tax Assessor.

Initial estimates indicate that the two-way telecommunications value statewide is \$480MM, \$21.8MM of which is located in Bangor. This proposal would help to mitigate the negative impact of other tax shifts to communities. For Bangor, this change would result in an additional \$490,500 in tax revenues, which is the equivalent of .20 mils of our tax rate. The cost to the businesses impacted would remain unchanged, but the annual reporting would be simplified.

Thank you for your time and attention.

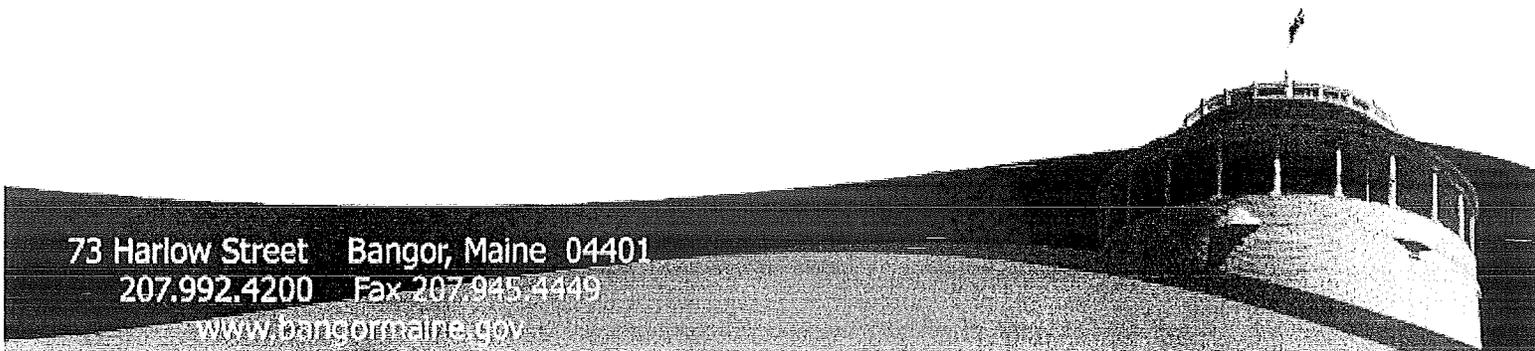
For additional Information, please feel free to contact any of the following municipal officials:

Joe Baldacci, Mayor	<a href="mailto:joe.baldacci@bangormaine.gov">joe.baldacci@bangormaine.gov</a>	945-3333
Catherine Conlow, City Manager	<a href="mailto:cathy.conlow@bangormaine.gov">cathy.conlow@bangormaine.gov</a>	992-4201
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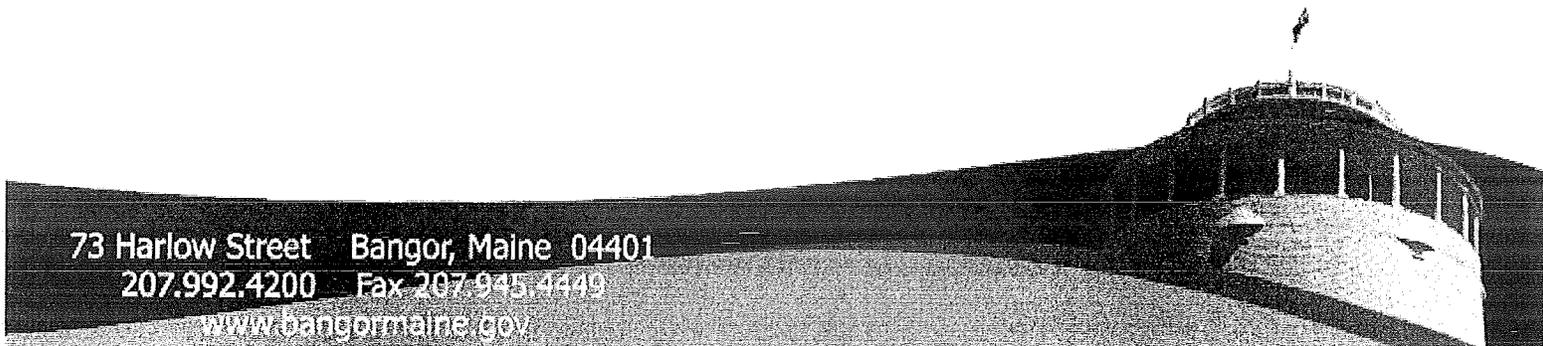
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Sen. Hamper, Rep. Gattine, Sen. Dow, Rep. Tipping, and members of the Joint Standing Committees on Appropriations and Financial Affairs and Taxation, my name is Phil Drew, and I am the City of Bangor Assessor. I am testifying today in opposition of the budget provision that would eliminate the BETR program and the BETR to BETE conversion.

This proposal would close off new enrollment into the BETR program and would convert the property currently enrolled in the BETR program into the BETE program, thus making it exempt from local property taxes. In addition, the conversion of BETR property over a 4-year period adds a great deal of complexity to the process for the local assessing departments.

Currently, 250 Bangor businesses participate in the BETR program with a combined BETR value of \$93,500,000. Those businesses pay their tax locally to the tune of roughly \$2,100,000. In turn the businesses are then reimbursed by the State of Maine approximately \$1,800,000, due to the reduced reimbursement rate in the later years. When those assets enter the BETE program and become exempt at the local level, the City of Bangor will see a \$924,000 increase in municipal taxes on businesses and homeowners.

From the Legislative actions and findings, it is apparent, that the Legislature has recognized the negative impact business personal property taxes have had on business retention and development. While this action may appear to be tax relief, it is yet another example of a tax shift. If the BETR program is eliminated, all new business personal property in retail businesses like: auto dealers, hotels/motels, department stores, restaurants and most small businesses that make up the heart of the Maine business community will not realize true tax relief. Under the BETR program,



businesses are reimbursed 86% of the taxes on BETR property. This proposal would negatively impact these business by shifting a portion of the lost property tax revenues from BETR property in the amount of \$527,000.

Municipalities such as Bangor have invested heavily in economic development efforts that will help businesses locate, expand, develop and thrive. Those investments have been good for the City, Region and State. Actions at the State level have resulted in substantial cost shifts to businesses that are dependent on our services to maintain police, fire and roads.

The business sector and residents expect the City to continue to invest in the services that help them be successful. An additional reduction in taxable personal property value and a shift of \$924,000 from the State of Maine to Bangor taxpayers will make that difficult and translate into the equivalent of an additional .38 to the mil rate or \$38 per \$100,000 of assessed valuation.

Thank you for your time and attention.

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