



## Testimony of Rick McCarthy

Before the Joint Standing Committees on Taxation and Appropriations and Financial Affairs

On the BETE/BETR and Telecommunications Tax Proposals in

LD 390 The Biennial Budget

February 7, 2017

Senator Hamper and Representative Gattine, Senator Dow and Representative Tipping, and members of the Joint Standing Committees on Appropriations and Financial Affairs and Taxation, my name is Rick McCarthy and I am here today on behalf of the Mayors' Coalition.

The Mayors' Coalition on Jobs and Economic Development was formed in 2012. The Coalition includes the Mayors of nine Maine communities. The purpose of the Coalition is to advocate for state policies that will grow Maine's economy statewide by providing the infrastructure, skilled workforce, and reasonable tax rates necessary to support such growth. The Coalition brings together the Mayors of Augusta, Bangor, Belfast, Biddeford, Brewer, Lewiston, Saco, Sanford, and Westbrook. This is a bi-partisan group that represents municipalities with a combined population of just under 179,000.

The Coalition is offering comments on two proposals before you today. We oppose the proposed changes to BETE and BETR and support the proposed changes to the telecommunications tax.

### BETE/BETR

This is a rehash of a proposal that was put forward in 2013, 2014, and again in 2015. It was rejected each time, and should be rejected now.

This proposal would move all equipment in BETR to BETE. The change would be minimal for taxpayers. The only reason to do it is to shift costs from the state to municipalities. As a reminder, under the BETR program the state provides reimbursement to businesses for a portion of the personal property tax they pay to their municipality. The municipality receives the full amount of the tax due. Under the BETE program, the municipality must forego all property tax on eligible business equipment and receives reimbursement from the state for 50% of the lost revenue.

At a time when municipalities are struggling with limited revenue sharing and school funding assistance from the state the least the state can do is stand by its commitments on BETR. This change is unnecessary and should not be made.

Telecommunication Tax

The Coalition welcomes any change, such as this one, that would improve municipal revenues.

We are concerned that good information on the value of telecommunications property by municipality is hard to find, but that can be addressed over time.

The state would forgo \$6.5 million a year in revenue from this change. The amount to municipalities would likely be similar.

This is one proposal we are pleased to support.

Thank you for your time and attention. I'd be pleased to take any questions.