



**Testimony of Bangor Council Chair Nelson Durgin  
Before the**

**Joint Standing Committee on Taxation and Appropriations and Financial  
Affairs**

**Regarding the Proposed Budget for FY 16 and FY 17**

**February 18, 2015**

Sen. Hamper, Rep. Rotundo, Senator McCormick, Representative Goode and members of the Joint Standing Committee on Appropriations and Financial Affairs and Taxation, my name is Nelson Durgin and I am the Council Chair for the City of Bangor. I am testifying today against proposed changes to the budget that would eliminate Revenue Sharing and implement large property tax increases to non-profits.

Revenue sharing, by law, should distribute in 2016 over \$158,000,000 to municipalities. The Governor's proposed budget cuts that amount by 60% or \$62,500,000, then eliminates it altogether in 2017. Bangor's computed share under current law should be \$5,292,232. Under the Governor's proposal that amount drops to \$2,090,556 leaving a \$3,201,676 gap over the statutory requirement. Again the proposed budget eliminates it totally for 2017.

The State should seek a comprehensive restructuring of taxes that provides for balance in the tax structure. Unfortunately, the elimination of income tax in two years only further unbalances the tax structure and leads to a gap in funding gap in excess of \$150 million for 2017. While lower income tax may make it good for entrepreneurs and business owners, it will make it more difficult for municipalities to compete for out of state development, where property taxes are a huge factor when making business decisions.



The table below shows the shift that has already occurred as a result of income tax reductions:

	2006	2014
Property	41%	45%
Sales	23%	23%
Income	36%	32%

Additionally, sales and use taxes have significant expenditures (tax waivers) exceeding \$2 billion which exacerbate the situation. Small increases in sales and meals and lodging taxes, and expanding the tax base to cover many recreational and spectator activities would generate significant revenue and would target the 29,000,000 tourists and out of state visitors.

Local property taxes are a heavy burden on older fixed income residents, and are used to pay not only specific local requirements but also unfunded mandates levied by the state.

Taxable Revenue generated by businesses and professional organizations migrates to the state while municipalities have little opportunity other than property taxes.

Taxing not for profit property in municipalities would be a negative. Nearly 15% of Maine's labor force works for non-profits over \$9 billion in sales, services, and taxable wages annually and taxable wages alone more than \$3.5 billion annually.

Nelson Durgin, Mayor  
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