



**Testimony of Tanya Emery, Director of Community and Economic
Development for the City of Bangor before the**

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

Regarding the Proposed Budget for FY 16 and FY 17

February 18, 2015

Senator Hamper, Representative Rotundo, Senator McCormick, Representative Goode, and members of the Joint Standing Committees on Appropriations and Financial Affairs and Taxation, my name is Tanya Emery and I am the Director of Economic and Community Development for the City of Bangor. I am testifying today in opposition of the budget provision that would eliminate Revenue Sharing.

The proposed budget calls for the repeal of Revenue Sharing in two years. This is a direct loss of over \$5 million in statutory revenues that are designated for service delivery in Bangor.

For the past decade the City of Bangor has invested heavily in the economic future of not only our City, but the region and State. Bangor has made nearly \$80 million in public investments for projects such as C&L Aerospace, Waterfront Concerts, and the Cross Insurance Center. All of these investments have resulted in business growth and expansion, job creation in our City, and increased revenues to the State of Maine – including more than \$200,000 in sales tax as well as increased income taxes. Interestingly enough, these projects all included no State investment.

More than ever, northern and eastern Maine is depending on Bangor to be a bright spot in a difficult economy. With over 1500 mill and manufacturing workers laid off in the region in 2014, Bangor MUST continue to grow and provide jobs for not just our citizens, but our entire region. I hear folks in Millinocket, Lincoln, and Bucksport say regularly that they'd like to find a job in their community after being laid off, but at least they know they can always go to Bangor for a job. Well what happens when the State creates conditions that halt economic development in one of the few places that is actually growing?

For the last 3 years, businesses in the City of Bangor have generated the highest retail sales of any municipality in the State of Maine - \$1.62 billion for calendar year 2013. Maintaining services and infrastructure to support these businesses is critical to their success. The redistribution of sales tax revenues away from Bangor results in a direct cost increase to businesses. Without revenue sharing funds, we cannot sustain the level of investment that has



allowed us to provide the roads, sewer, stormwater, code enforcement, and public safety services necessary for businesses to create jobs and invest money in Bangor and in Maine. Commercial and industrial properties account for 55% of the City's tax base and if we have to pass on these costs, businesses may go elsewhere (perhaps leaving Maine or just the region) and leave the burden on our homeowners. We cannot do this to the people of Bangor.

The total tax shift from the State to the City caused by the State's failure to fund mandates or statutory provisions is estimated at \$4.03 on the mil rate, which equates to over \$400 per \$100,000 of assessed value – this represents 18.5% of our mil rate. That is correct – 18.5% of our mil rate is from the State passing on costs to the City through unfunded mandates and liabilities. Even after laying off more than 50 City employees and reducing services, the City's property taxes have had to increase – our mill rate has risen by \$2.40 or \$240 per \$100,000 of assessed valuation as we have had to absorb these shifts from the state. While that may not seem like much, the reduction in services coupled with the increase in costs is making it more difficult to do business in Bangor, and that is not good for the City, region, or State.

While services provided by government are not easily translated into a business model, the City of Bangor over the years has made decisions that are far more reflective of the choices made by businesses than governments. The City has reduced its workforce through layoffs and reductions, held wages flat during difficult economic times, and invested in energy efficiency improvements as well as technology to reduce operating costs and increase efficiency.

Like businesses, the City does not provide a retiree health benefit, does not offer a defined benefit pension plan, has closed higher benefit health plans, requires employees to contribute 25% towards health premium costs, and implemented fees for services to fund unfunded storm water mandates.

The business sector and residents expect the City of Bangor to continue to invest in the services that help them be successful. They expect Bangor to be the hub of the economy of northern and eastern Maine. An additional reduction of \$2 million in revenue sharing will make that difficult, and translate into the equivalent of an additional .83 to the mil rate or \$83 per \$100,000 of assessed valuation. Our goal is to help Bangor continue to grow and prosper. This cut to revenue sharing moves us in the opposite direction.

Thank you for your time and attention.

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

Nelson Durgin, Mayor	nelson.durgin@bangormaine.gov	947-8419
Catherine Conlow, City Manager	cathy.conlow@bangormaine.gov	992-4201
Tanya Emery, Community/ Econ Develop	tanya.emery@bangormaine.gov	992-4236