

To: Finance Committee
From: Debbie Cyr
Date: December 9, 2014
RE: Revenue Sharing Overview

The topic of revenue sharing was raised during this year's annual Council goal setting/issues sessions as well as the recent review of legislative items. Accordingly, we wanted to compile some background data on this subject for the Council.

According to Title 30-A §5681, the State Legislature found that the principal problem of financing municipal services is the burden on the property tax. Therefore, revenue sharing was established to stabilize the municipal property tax burden and to aid in financing all municipal services by providing funds from the broad-based taxes of the State of Maine.

Statute states, that 5% of the receipts during the previous month from certain taxes (i.e. sales and income taxes) be transferred to the Local Government fund without reductions. The Local Government Fund is the fund from which revenue sharing is disbursed to municipalities.

Transferring a portion of the funds allocated to the revenue sharing pool to the State of Maine General Fund began in fiscal year 2010. Below is a table showing the revenue sharing allocation, the amount transferred to the State of Maine General Fund, and the amount received by Bangor by fiscal year.

Fiscal Year	Revenue Sharing Allocation	State General Fund	City of Bangor
2008-2009	\$120,836,434	\$ 0	\$4,411,277
2009-2010	\$ 97,415,107	\$25,383,491	\$3,832,933
2010-2011	\$ 93,154,470	\$38,145,323	\$3,670,723
2011-2012	\$ 96,875,707	\$40,350,638	\$3,637,838
2012-2013	\$ 95,972,537	\$44,267,343	\$3,513,711
2013-2014	Not easily obtained	\$73,306,246	\$2,305,725
2014-2015	\$ 60,728,612 (Proj)	\$85,949,381	\$2,033,162(Budget)

Due to the number of variables in calculating revenue sharing distribution, it is difficult to calculate the exact amount of revenue sharing funding the City would have received under the existing Statute, but it is estimated that the City has and will receive approximately \$10 million less in revenue sharing than is proscribed by Statute from fiscal year 2009-2010 through 2014-2015. In fiscal year 2009-2010, the municipal tax levy and rate was \$21,732,517 or \$9.28/thousand. For fiscal year 2014-2015, the municipal tax levy and rate was \$25,478,741 or \$10.54/thousand. During the six years of reduced revenue sharing the municipal tax levy increased by \$3,746,224.