



Testimony of Ben Sprague, City Councilor, City of Bangor

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

Municipal and Residential Impacts of the Proposed Biennial Budget

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 Ben Sprague and I am a member of the Bangor City Council and Chairperson of the City's Finance Committee. I am here today to support a budget that protects and restores Revenue Sharing for municipalities.

For the past several years, I have heard the municipal revenue sharing program be described as "welfare," "wasteful," and that it does not benefit local property taxpayers. None of these statements could be further from the truth. Revenue sharing is a crucial part of our budget because it helps to ease the burden on both residential and commercial property taxpayers by keeping at least a portion of tax dollars in the community where they are generated.

Failure to fund the revenue sharing program according to state statute has had an impact of over \$1.20 on the city's mil rate and if the program were completely eliminated the impact would be much greater. This, along with a variety of unfunded state and federal mandates and the state's failure to live up to the 55% education funding requirement, have put significant upward pressure on property taxes over the last several years. Property taxpayers are tapped out.

What have we done to limit tax increases locally? In the past few years, we have laid off or lost through attrition over 50 employees. We have privatized some city services while cutting other services altogether, and we have sought to regionalize others. These efforts will continue.

Each year we take a hard look at every line in our budget. What I have found after working through the budget process is that there is very little left before you start cutting into the bone. And for people who say that local government is bloated, I would say that it is very easy to be opposed to the concept of "wasteful spending," but far more difficult to identify what should be cut. And while people are generally opposed to government spending, they tend to like and need the things it buys.



What has Bangor “bought” with our revenue sharing dollars? Beyond basic, expected, and mandated municipal services, Bangor has invested heavily in its own economic development. We are an economic bright spot for the state, and revenue sharing has provided us with a steady revenue stream to be able to make various projects work.

Bangor now has the youngest population in the state by median age and we had the fastest per capita income growth of any city in the state in 2013. We achieved this by investing in the Cross Center, which generated \$125,000 in sales tax revenue for the state in its first year. We have invested money along our Waterfront and supported ventures like the American Folk Festival and Waterfront Concerts, both of which bring millions of dollars of economic activity to our state. We have developed our Downtown, Broadway, and the Bangor Mall area. The City of Bangor now generates \$1.6 billion in taxable sales each year, which is more than any other community in the state including Portland.

Very few of the tax dollars generated by all of this economic activity stay in Bangor and the property tax from development comes nowhere close to covering the true costs of being a retail and service center. For example, Bangor handles over 40,000 public safety calls annually. Many are for incidents and accidents near the Bangor Mall area or Broadway, our two primary retail areas. Bangor property taxpayers are funding these services, but the services are very often provided to people from out of town who are not contributing to the funding of the services. The revenue sharing program has long recognized this, and exists in part to keep tax dollars in the community where they are generated as a way of easing the burden on residents and commercial businesses.

As you know, Maine is an old state with many people living on a fixed income. Property taxpayers cannot afford another increase.

I am aware that the state finds itself in a challenging place with its finances and I do not envy the choices you have over the coming months. I truly believe that the way out of the fiscal hole is to have more collaboration between municipalities and the state and partnership around certain ideas. Cutting revenue sharing is the wrong plan. In fact, the best investment in our economy that the state could make would be to not only protect revenue sharing, but to restore it to its statutory requirements to help communities like Bangor continue to invest in development efforts.

Thank you for your time and attention. If there is any information I can provide or anything the City of Bangor can do to collaborate on cost-savings measures, please do not hesitate to reach out.

Ben Sprague, City Councilor
Catherine Conlow, City Manager

Benjamin.sprague@bangormaine.gov
cathy.conlow@bangormaine.gov

852-1405
992-4201