

## **Executive Summary**

The task force, authorized by Public Law 2013, Chapter 368, Section K, compiled five recommendations for transitioning property from the Business Equipment Tax Reimbursement program (BETR) into the Business Equipment Tax Exemption program (BETE). These recommendations take into consideration the financial impact on BETR program participants, municipal and State budgets, and on business investment in the State. Not all members agreed with the recommendations resulting in two minority reports that are located at the end of this report.

### **Recommendation #1**

Transfer all BETR eligible property into the BETE program in 25% increments over four years beginning with April 1, 2015. For example, in year one, 25% of BETR property will become exempt while 75% remains in BETR. For April 1, 2018, all BETR eligible property will be in the BETE program.

### **Recommendation #2**

**Part A.** Any savings realized by the State on the transition will be used to increase the base amount of reimbursement for affected municipalities. **Part B.** While reducing the amount of property in the BETR program under the 1<sup>st</sup> recommendation, simultaneously lower the level of reimbursement under BETE to the constitutional minimum of 50%.

### **Recommendation #3**

For fiscal year beginning July 1, 2017, amend the definition of 'property fiscal capacity' in 20-A M.R.S. §15672(23) to mean the lesser of the most recently certified state valuation and the average of the certified state valuations for the three years prior to the most recently certified state valuation.

### **Recommendation #4**

Amend the Adjustment for Sudden and Severe Disruption of Valuation to allow a municipality to file for an adjustment to State Valuation if the municipality experiences a loss in value greater than 2% of the municipality's total taxable valuation attributable to the conversion of business property from BETR to BETE. Eliminate the appraisal requirement when the loss in value is caused by the BETR to BETE transition.

### **Recommendation #5**

BETR qualified property located in a municipal Tax Increment Financing (TIF) district will not be transitioned into BETE. This equipment will remain in the BETR program until the TIF agreement expires, at which point, if the property is eligible it will be exempt under BETE.

## **I. INTRODUCTION**

Pursuant to Public Law 2013, Chapter 368, Section K, the Commissioner of Administrative and Financial Services, or the Commissioner's designee, was directed to convene a task force to study the most efficient and economical way to transition the Business Equipment Tax Reimbursement program (BETR) into the Business Equipment Tax Exemption program (BETE). The Commissioner of Administrative and Financial Services submits this report to the Joint Standing Committee on Taxation outlining the results of the task force's review, including findings and recommendations. The Joint Standing Committee on Taxation is authorized under Section K to submit a bill related to the subject matter of the report to the Second Regular Session of the 126th Legislature upon receipt of the report.

The task force was comprised of the following members:

- Raphael St. Pierre, Assistant City Manager for the City of Augusta, representing a statewide organization that represents municipal interests, appointed by the President of the Senate;
- Dana Connors, President of the Maine State Chamber of Commerce, representing a statewide business advocacy organization, appointed by the President of the Senate;
- William Cohen, Manager Verso Paper Corp., representing manufacturers who are users of the BETR program, appointed by the Speaker of the House of Representatives;
- Denise Garland, Deputy Commissioner of Economic and Community Development, as designee of the Commissioner of Economic and Community Development; and
- David Ledew, Director of the Property Tax Division, Maine Revenue Services, as designee of the Commissioner of Administrative and Financial Services.

The task force reviewed options for transitioning business equipment currently in the BETR program into the BETE program. In addition, the task force considered the financial impact of these transition options on BETR program recipients, municipal budgets and the state budget as well as the larger impact on business investment in this State. The task force considered timing issues related to the transition and discussed efficiencies in the transition, administration and implementation of the change. Finally, the task force identified costs and benefits associated with each option and prioritized the options for the Legislature's consideration.

## **II. BACKGROUND**

### **Budget Proposal**

Part K of the Governor's biennial budget bill, LD 1509, included a proposal to eliminate the BETR program for property taxes paid on or after January 1, 2013, and to expand the BETE program beginning April 1, 2014, to include property that formerly qualified under the BETR program with the exception of property located at a retail facility that formerly qualified for BETR. (See attachment A for budget proposal language.). The financial implications of this proposal presented a concern to the business community and municipal government.

The budget bill (LD 1509 as amended) as enacted over the veto of the Governor provided the following: The continuation of BETR reimbursements for taxes paid on or after January 1, 2013, and with no change in the BETE program. Savings to the state were realized through the reduction in the level of BETR payments to 90% of BETR claims for FY14 and 80% for FY15. The language in Part K of the budget was replaced with the requirement to convene the above mentioned task force.

## **III. THE PROGRAMS**

### **BETR<sup>1</sup>**

BETR is a property tax reimbursement program. The BETR program requires businesses to pay property taxes on qualified equipment and then apply to the State in the following year for reimbursement. To qualify for the BETR program, qualified business equipment must be used or held exclusively for a business purpose, must be depreciable under the Code, and includes, repair parts, replacement parts, replacement equipment, additions, accessions and accessories to other qualified business property. Qualified business property does not include land or buildings; however, it may include property affixed or attached to a building or other real estate if it is used to further the particular trade or business activity taking place at that location.

Other property that is excluded from the program is set forth in the BETR statute. In addition, certain businesses are excluded from the BETR program such as public utilities, cable television companies, and providers of certain radio and telecommunications services.

Finally, with the enactment of the BETE program, property placed in service after April 1, 2007 which is *not* located at a retail sales facility (with certain exceptions) and used in a retail sales activity is excluded from the BETR program. A retail sales facility is defined as a structure used to serve customers who are physically present at the facility for the purpose of a retail sales activity, meaning selecting and purchasing goods or services at retail or for renting tangible personal property.

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<sup>1</sup> Title 36 M.R.S., Chapter 915.

Initially, the BETR program provided for 100% reimbursement of property taxes paid on qualified equipment for 12 years. The amount of reimbursement on business equipment under BETR however, has been reduced to less than 100% for the following periods; 90% for business taxes paid in calendar years 2005, 2009, and 2012, and 80% for taxes paid during calendar year 2013. With the enactment of the BETE program, reimbursement under BETR was extended beyond 12 years but at a reduced rate. For the 13<sup>th</sup> year, BETR qualified property is entitled to a 75% reimbursement, 70% for the 14<sup>th</sup> year, 65% for the 15<sup>th</sup>, 60% for the 16<sup>th</sup>, 55% for the 17<sup>th</sup>, and 50% for the 18<sup>th</sup> and later.

## **BETE<sup>2</sup>**

BETE is a property tax exemption program. The BETE program provides for the exemption of qualified property placed in service after April 1, 2007, thereby removing that property from the BETR program. To qualify for BETE exemption, businesses must annually submit an application for exemption by May 1<sup>st</sup> to the municipal assessor listing the qualified property and the information necessary to assist the assessor with determining the value of the equipment. Generally, property that qualifies for the BETE program is the same property that qualified for the BETR program except that equipment located at a retail sales facility and used in a retail sales activity does not qualify for the BETE program. Such retail and service property placed in service after April 1, 2007, continues to qualify for the BETR program.

After receiving an application for BETE, the municipal assessor must determine if the property qualifies for the exemption. If the property qualifies, the assessor must determine the assessed value of the property in the same manner as they would if it were taxable. Unlike the BETR program, the taxpayer does not have to pay a property tax on exempt equipment. A municipality that has granted a valid exemption under this program is entitled to a reimbursement from the State for a percentage of property tax revenue lost by reason of the exemption. Except as otherwise provided in this subsection, the minimum reimbursement percentage is as follows:

1. For property tax years beginning April 1, 2008, 100%;
2. For property tax years beginning April 1, 2009, 90%;
3. For property tax years beginning April 1, 2010, 80%;
4. For property tax years beginning April 1, 2011, 70%;
5. For property tax years beginning April 1, 2012, 60%; and
6. For property tax years beginning April 1, 2013 and for subsequent tax years, 50%.

Municipalities with a personal property factor that exceeds 5% may be entitled to a reimbursement percentage greater than the minimum stated above.

Additionally, if a municipality has BETE eligible property located within a Tax Increment Financing (TIF) district which was approved prior to April 1, 2008, the municipality is entitled to receive a reimbursement for tax revenue lost on that property if those taxes would have been used to fund the municipalities own project costs associated

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<sup>2</sup> Title 36 M.R.S., Chapter 105, Subchapter 4-C.

with the TIF. This does not include the project costs associated with a credit enhancement agreement.

When computing the municipal tax rate to be used for the commitment of taxes, the municipal assessor is required to add the amount of BETE valuation on which reimbursement is based into the denominator (taxable value) to prevent the reimbursed tax loss from being shifted to the other taxpayers.

### **State Valuation<sup>3</sup>**

Annually, Maine Revenue Services (MRS) is required to determine the equalized just value, 100% current market value, of all real and personal property in each municipality and unorganized place that is subject to taxation. This State Valuation (SV) is used primarily as a component in disbursing State funds for school subsidy and revenue sharing as well as for apportioning County taxes. SV is a measure of a municipality's fiscal capacity to raise revenue; thus, a municipality with a higher SV will receive less revenue sharing and education subsidy (and a larger portion of county tax assessment) than a municipality with a lower SV. The SV is certified annually in January and remains in effect until the certification of the next SV.

The full value of BETR qualified property is generally included in the determination of SV for municipalities. The exception occurs when the BETR equipment is a part of the "captured assessed value" in a tax increment financing district (TIF). BETE equipment, on the other hand, is exempt from taxation, and therefore the valuation of that property is generally not included in the determination of SV.<sup>4</sup> Thus, any significant conversion of BETR qualified property to BETE will result in a reduction in SV.

Because SV is based on the equalization of municipal assessed values, the timing of determining SV has a significant effect on the respective municipalities' shares of State funds for school subsidy and revenue sharing as well as for apportioning County taxes. For example, the 2014 SV represents the equalization of municipal assessed values for April 1, 2012. Soon after certification in January 2014, the 2014 SV is used in the assessment of county taxes and for FY15 municipal revenue sharing. For purposes of the distribution of General Purpose Aid for schools, the 2014 SV is not utilized until FY16. Furthermore, because of a recent law change, the 2014 SV will be part of an averaged SV used for General Purpose Aid for FY17 and FY18. Consequently, under current law, a municipality with a significant amount of BETR property being converted to BETE will wait 6 years for the full effect of the reduced SV to impact State aid to the municipality.

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<sup>3</sup> 36 M.R.S. §§ 208 and 305.

<sup>4</sup> One exception is that the portion of the exempt BETE valuation that is reimbursed by the state must be included in SV, with the exception of certain TIF property.

#### **IV. TASK FORCE MEETINGS**

##### **TASK FORCE MEETING DISCUSSIONS AND FINDINGS**

The task force reviewed the history of the two business equipment programs including the administration of the programs, timing issues relating to the filing for reimbursement and exemption, and the short and long term fiscal impact to both businesses and municipalities related to changes in the SV.

One concern discussed in detail by the group was the impact of the conversion of BETR to BETE on all municipalities due to the changes in SV. MRS estimates that the total valuation of property currently reimbursed in the BETR program is approximately \$3 billion. When BETR equipment is converted to BETE, the full value of BETR property as reflected in SV will be reduced as it is converted to BETE. The result will likely cause a reduction in overall SV. This change will have a measurable impact for municipalities regarding the determination of the local cost effort for education. Currently, the Essential Programs and Services (EPS) mill rate used to determine local cost effort for education is 7.86. This mill rate is applied against the municipality's SV as used for education funding to determine the local cost for education under EPS. Thus, a municipality with a SV of \$300 million would be required to raise approximately \$2,358,000 under EPS. As BETR property is converted to BETE, MRS estimates that the local cost effort mill rate could increase to as high as 7.95 mills. Thus, even if the municipality does not have any BETR qualified property, the base cost to the municipality under EPS would increase to \$2,385,000, an increase of \$27,000 or 1.145%, on local education cost for this hypothetical municipality.

South Portland, Skowhegan and Madison presented information to the task force about the local impact of a BETR to BETE shift from the municipalities' perspective. For purposes of providing a consistent analysis, the task force agreed to use the statutorily proposed language which was originally in Part K of the budget as a basis for any analysis. Thus, for purpose of performing an analysis, retail and service property were treated as being excluded from both the BETR and BETE programs.

A summary of that information is as follows. In the City of South Portland there are two TIFS that complicate the analysis of the conversion. In the first TIF, 100% of the tax revenues are captured for TIF purposes. In this case, the conversion from BETR to BETE has no direct effect on the local tax rate. This is also true for 50% of the tax revenues of the second TIF. There is, however a negative effect to the local TIF City Project account of approximately \$300,000 as BETE is specifically excluded from being captured in the TIF district. In year one, the conversion to BETE would cause a decrease to the general fund of \$1,437,048. The City however, would receive a reimbursement from the State under the BETE program of \$1,360,461. Here, the overall conversion would cause a decrease of \$76,587 to the general fund in South Portland. However, the overall SV of South Portland would decrease by \$4,586,055.

In the Town of Skowhegan none of the BETR qualified property is located in a TIF district. The conversion from BETR to BETE would cause the total valuation base of the town to decrease by \$64,275,537. This decrease in value would cause the local mil rate to increase by \$0.94 per thousand or 5.7%. The town also did an analysis that posed a “what if” scenario with regards to the conversion if the reduction in State Valuation was recognized immediately instead of the current 2 year delay. In this scenario, instead of an increase of the tax rate of .94 mills, the increase would be lessened to .25 or 1.5%. It should be noted that the town analysis did not include any enhanced reimbursement the town may be entitled to under the BETE program. The standard 50% reimbursement was used.

In the Town of Madison none of the property is in a TIF district other than the Backyard Farms TIF, and it was not considered in the analysis presented. The conversion from BETR to BETE would cause the total valuation base of the town to decrease \$30,459,941. This decrease in value would cause the local mil rate to increase by 1.05 mills or 6.0%. The town also did an analysis that posed a “what if” scenario with regards to the conversion if the reduction in State Valuation was recognized immediately instead of the current 2 year delay. In this scenario, instead of an increased of the tax rate of 1.05 mills, the increase would be lessened to .43 mills or 2.5%. It should be noted that the town analysis did not include any enhanced reimbursement the town may be entitled to under the BETE program. The standard 50% reimbursement was used.

## **V. TASK FORCE RECOMMENDATIONS**

### **Part 1 – BETR to BETE Transition**

The task force recognized that the conversion of all BETR qualified property to the BETE program all in one year as proposed in the original Part K of the budget would create a hardship for some municipalities. The group sought a way to gradually phase in the conversion of BETR equipment to BETE to spread out the impact over a number of years. The group discussed a couple of ways this could be accomplished including converting the BETR equipment to BETE over a four year period. Initially the group discussed moving the oldest BETR equipment, that property that was placed in service after April 1, 1995, and on or before April 1, 1998, into the BETE program in the first year and each year thereafter convert the oldest three years of BETR equipment from BETR to BETE. After some discussion, the task force concluded that such a conversion process would have an inequitable impact for those municipalities that had significant investment in BETR equipment in the early years of the program. The group unanimously agreed that the most equitable method of phasing BETR equipment into the BETE program would be to phase in all qualified BETR property on a percentage basis. Further, the task force members agreed this phase in would be accomplished without any reduction in reimbursement obligations for equipment qualified in the BETR program prior to the phase in to BETE program. Although the group was unanimously in favor of phasing BETR equipment to BETE on a percentage basis over four years, the vote of the task force on the specific recommendation was 3 – 2. Both dissenting opinions were in favor of phasing in BETR to BETE over four years, but one dissenter was in favor of

excluding retail and service property from BETE and the other was of the opinion that language specifically including retail and service in BETE for the future was needed.

### **Recommendation #1**

Beginning April 1, 2015, all property that qualifies for the BETR program would begin to be transitioned into the BETE program. The portion of property remaining in BETR for a time would be subject to reimbursement as set out in current BETR statutes. The following schedule outlines the time frame for the transition:

- For April 1, 2015, all BETR qualified property would qualify for a 25% exemption within the BETE program and 75% qualified in the BETR program
- For April 1, 2016, all BETR qualified property would qualify for a 50% exemption within the BETE program and 50% qualified in the BETR program
- For April 1, 2017, all BETR qualified property would qualify for a 75% exemption within the BETE program and 25% qualified in the BETR program
- For April 1, 2018, all BETR qualified property would qualify for a 100% exemption within the BETE program.

The task force members voted 3 – 2 in favor of this recommendation. See the minority reports below.

### **Part 2 – Increased Municipal Reimbursement to Affected Municipalities**

Recognizing that municipalities could lose significant tax base while the State may recognize a savings due to the proposal, the task force sought to find a way to increase reimbursement to those municipalities most affected by the conversion.

### **Recommendation #2**

Upon performing a fiscal analysis on the transition, if there is a savings to the State due to the conversion, that amount of savings should be used to increase the base amount of reimbursement for affected municipalities. Also, there should be some ratchet down of the base reimbursement for BETE over the 4 year period down to the 50% constitutional minimum.

The task force members voted 5 – 0 in favor of this recommendation.



### **Part 3 - State Valuation**

Recognizing that the long term effect of the reduction of SV to a municipality when BETR equipment is converted to BETE served to measurably reduce the negative fiscal impact to a municipality with significant BETR property, the task force approved a recommendation to accelerate the time frame by which reduced SV would be utilized for state subsidy programs for revenue sharing and/ or education subsidy.

#### **Recommendation #3**

For fiscal year beginning July 1, 2017, amend the definition of ‘property fiscal capacity’ in Title 20-A MRS §15672, sub-§23 to reflect the lesser of the most recently certified state valuation and the average of the certified state valuations for the 3 most recent years prior to the most recently certified state valuation.

The task force members voted 4 – 1 in favor of this recommendation. The dissenting member opposed because the adjustment to the school funding would adversely affect municipalities with little or no BETR property.

### **Part 4 – Sudden and Severe Disruption in Value**

To further address potential negative effect on municipal budgets from the four-year transition of BETR property to the BETE program, the task force recommended amending the “sudden and severe disruption” relief provisions.

#### **Recommendation #4**

Amend the Adjustment for Sudden and Severe Disruption of Valuation law to allow a municipality to file for a Sudden and Severe (S & S) adjustment to SV if the municipality experiences a loss in value during the transition period of BETR to BETE, that is greater than 2% of its total taxable valuation, and is attributable solely to the conversion of BETR to BETE. Also, for this provision municipalities would not be required to provide an appraisal to demonstrate the loss in value.

The task force members voted 5 – 0 in favor of this recommendation.

### **Part 5 - Tax Increment Financing Districts**

The task force discussed a proposal would also create an exception for the conversion of property from BETR to BETE for property located within a tax increment financing (TIF) district. TIF districts are created by municipal action and often involve carefully negotiated agreements with project developers. Making TIF property tax-exempt could frustrate these agreements and eliminate the benefits that both the municipality and the project developer were expecting from these arrangements. TIFs have a limited duration (up to 30 years), so once a TIF expires the property would be converted to BETE provided it is otherwise eligible for BETE.

## **Recommendation #5**

BETR qualified property located in a municipal Tax Increment Financing district would not be transitioned into BETE. This equipment would remain in the BETR program until the expiration of the TIF agreement. Once a TIF expires the property would be converted to BETE provided it is otherwise eligible for BETE.

The task force members voted 4 – 0 in favor of this recommendation. One member abstained from this vote.

## **Minority Reports:**

**The Maine State Chamber of Commerce offers the following as a minority report:**

Adopt the majority opinion in full except in Recommendation 1, Part 1, BETR to BETE Transition, the following language should be adopted:

Beginning in 2015, all property enrolled in the BETR program would begin to be transitioned into the BETE program. Retail property that would have qualified under the BETR statutes will qualify for BETE on an ongoing basis.

**Raphael E. St. Pierre III, Assistant City Manager for the City of Augusta and representing a statewide organization that represents municipal interests offers the following minority report:**

### **Minority Report for the BETE-BETR Task Force**

This minority report dissents from the formal recommendations of the Task Force for three reasons.

**The Task Force’s recommendation breaks a commitment to local government by exempting retail personal property from taxation.** The first recommendation of the Task Force is that *“Beginning in 2015, all property that qualifies for the BETR program would begin to be transitioned into the BETE program.”* The recommendation goes on to describe a 4-year transition system, running from 2015 through 2018. Throughout that four year period, all of the working personal property enrolled in the Business Equipment Tax Reimbursement Program (BETR) for the 23 year period between the inception of that program in 1996 until the end of the conversion period in 2018 would be converted from taxable property to tax exempt property. The Task Force does not know with any accuracy the value of the property it is proposing to exempt from taxation. The total number has been estimated at \$3 billion, which is roughly equivalent to exempting all the taxable value of the cities of Lewiston and Augusta combined. The Task Force also does not know how much of the total value retail personal property is. Perhaps retail personal property makes up 10% of the total, perhaps 15%. The Task Force does not know.

Retail personal property is generally subject to taxation in most states in the nation. In fact, it is not uncommon in states that tax different classes of property at different rates to apply a higher rate of taxation against retail personal property than residential real estate. Also, retail property has never been exempt from taxation in Maine's history. When the Business Equipment Tax Exemption program (BETE) was enacted, the Legislature made a clear decision not to allow exempt status for retail personal property. The Task Force recommendation overturns that decision and breaks a commitment that was made to municipal government. The municipalities are totally perplexed by the Legislature breaking its agreements and commitments with local governments and the property taxpayers who support local government. Therefore, I cannot support this recommendation.

**The Task Force recommendation to exempt \$3 billion of taxable property imposes negative impacts on municipal government and Maine's property taxpayers, adding to the sharply negative impacts already enacted in 2013.** The owners of the property currently enrolled in the BETR program were never promised that their property would become exempt from taxation in the future. In fact, from 1996 through 2007, the owners of that property had no expectation for anything more than receiving reimbursement for the taxes they paid on qualifying property for the first 12 years of that property's life. The municipalities, on the other hand, had every right to expect the personal property to be a part of the municipal property tax base for the useful life of the property. The Task Force recommendation gives an exemption to the business community which it never had and was never promised by taking a tax base away from the municipal communities, the retention of which has always been embedded in Maine law.

I recognize that the charge given to this Task Force was somewhat narrowly construed to recommend a method for transitioning the property in the BETR program to the BETE program. Short of the state guaranteeing 100% reimbursement for the exempted property, there is no way to develop that recommendation without damaging Maine's towns and cities, frustrating their capacity to provide local services, and imposing a greater burden on the non-exempt property taxpayers who pay for the services provided to all. As the municipal representative on this Task Force, I cannot in good conscience lend my support to a set of recommendations that is so damaging to local government. Maine's towns and cities are already reeling from the damage inflicted by the 126<sup>th</sup> Legislature in 2013, including crippling and unprecedented cuts to the municipal revenue sharing program and Circuit breaker property tax relief program for low income residents, as well as the first-time-in-history cutbacks to the Local Road Assistance Program and the shift of the teachers' retirement premium onto Maine's property taxpayers.

We understand that the business community would prefer a complete exemption for their tax obligation with respect to personal property rather than a reimbursement system. With an exemption, they do not have to risk legislative decisions to shortchange the reimbursement from year to year. But when I compare the legislative risk that the business community may occasionally have to incur to the extraordinary damage being visited on municipal government year after year in ever increasing doses, there is no comparison in equity or fairness. Maine's towns and cities work very hard to develop their tax base through the economic development investments they are able to make.

The municipalities should not now be required to relinquish the product of those investments, which are not easily provided, at the whim of the state.

**The Task Force’s recommendations constitute yet another unfunded state mandate in the area of assessing administration, which is already overburdened with state mandates.** For those communities with any significant amount of commercial or industrial property, managing the BETR and BETE programs at the local level is already one of the most significant unfunded state mandates in their assessing departments.

One set of forms and administrative procedures tracks the BETR property that is less than 12 years old. Another form and process tracks the BETR property that is older than 12 years old. Another form and process tracks the BETE property. The owners of the property are often unaware of their annual reporting requirements and have to be notified and re-notified. The categories of property eligible for BETE overlap with the categories eligible for BETR and the rules governing which is which are complicated and counterintuitive. The methodology required in calculating the value of exempt property for the purposes of determining the municipality’s valuation and setting the tax rate is convoluted and can lead to error if extraordinary care is not taken.

The Task Force recommendation takes that level of complexity to a new level. Property would be subject to partial taxation and partial exemption, which is an extremely rare occurrence in Maine law. The partial taxation system would be “ramped down” and applied to property which already is subject to “ramped down” reimbursement rates, so two ramps would be affecting both the rate at which property is taxed and, separately, the rate at which the business or municipal communities would be reimbursed, with every year being different on both counts, and with the municipalities left to figure out the correct value for the purpose of determining municipal valuation and establishing the correct tax rate. It’s an administrative nightmare.

The BETR and BETE programs are already so hyper-complicated they cannot be easily explained even by experts, and the explanations the experts are able to provide is entirely lost on the general public. Tax exemption systems should not be so complicated that they cannot be explained to the taxpaying public. The Task Force recommendation will make the administration of these programs on the local level more difficult and more prone to administrative mistakes. Municipal officials across the state are totally frustrated with having to raise taxes to comply with the unfunded mandates passed down by the Legislature. This Task Force recommendation provides a good example.

Respectfully Submitted by:  
Raphael E. St. Pierre III  
Assistant City Manager  
City of Augusta