

February 18, 2015

Hon. Senator James M. Hamper, Chair  
Hon. Representative Margaret R. Rotundo, Chair  
Members of the Appropriations and Financial Affairs Committee  
Hon. Senator Earle L. McCormick, Chair  
Hon. Representative Adam A. Goode, Chair  
Members of the Joint Standing Committee on Taxation

Thank you for considering my testimony today.

My name is Bev Uhlenhake, and I am the Deputy Mayor of the City of Brewer. Since it is nearly impossible to discuss the potential impact of a thousand-page budget on our over nine thousand Brewer citizens in less than three minutes, I bring with me the written testimony of my fellow city councilors with details beyond what I can address today.

The letter you have in front of you lays out what decreases we've seen in municipal sharing, what decreases we've made in spending by cutting staff and services, what increases we've experienced in our mil rates, and what we expect to see in the upcoming budget year if this proposed budget passes, but I also want to express my own concerns.

First, I am concerned about a proposal that reduces income tax, a progressive tax, in favor of higher property taxes, which is one of our nation's most regressive forms of tax. The City of Brewer has traditionally been a "blue collar" community, with many at the mid-to-lower end of the income spectrum who will be hit hardest by an increase in property tax. I understand that the budget offers relief to some of our citizens with low or little income, but it offers this relief in forms that could be difficult to redeem. We know that many of those who might qualify will have lesser access and ability to apply for those refunds, making it a false offer.

Second, I am concerned that we are given the option of taxing our non-profit organizations in lieu of revenue sharing. In the City of Brewer, the organizations that cross the \$500,000 property tax value threshold are those like OHI, Community Health and Counseling Services, and the Charlotte White Center, which are funded almost entirely through DHS. Their budgets are already razor-thin, and an increase in property

tax will either deny people support, leaving those with disabilities without assistance, or it will increase costs to DHS. Neither are acceptable outcomes. The other major non-profit in Brewer is Eastern Maine Healthcare Systems. I dare say that you might find it difficult to increase taxes on an organization you struggled to finally pay last year and whose charity-care budget has increased significantly in the last year. This makes this a false option.

Finally, I am concerned that the State appears to not be concerned about the effect of this budget on business. I understand that the Governor wants to attract businesses with this budget, but we need to think about those that already exist in Maine, that already employ our citizens, and that already contribute to the State through income and sales taxes. In my day job, I am a commercial real estate broker. I get the opportunity to work with new businesses as they develop business plans. I get to work with amazing businesses as they outgrow their spaces. And I have the unfortunate duty of filling those spaces when businesses fail. Brewer is a city with many small businesses whose budgets are tight. I know that because I heard them cringe and creak when their property taxes went up last year due to a cut in revenue sharing, even after the City of Brewer Council cut positions and services to lessen the impact. An additional increase in property taxes for these businesses could lead to fewer employees, fewer businesses overall, and lesser revenue to send to the State. So I submit to you that the premise of this budget as good for business is a false premise.

Thank you again for listening to me and for reading the testimony of my colleagues on the Brewer City Council. The citizens of this state are depending on you to make good decisions for them. Higher property taxes are highly regressive taxes that hit our low and middle classes hardest. Higher property taxes are NOT good decisions. I urge you to consider funding municipal revenue sharing to the full 55% as required by law, but in no case, lower it from its current status.

Very respectfully submitted,

A handwritten signature in black ink, appearing to read 'Beverly B. Uhlenhake', written in a cursive style.

Beverly B. Uhlenhake  
Deputy Mayor  
City of Brewer