



## Local Option Sales Tax

Testimony of Mayor David M Rollins

Before the Joint Standing Committee on Taxation

In Support of LD 1110, An Act To Establish a Local Option Sales Tax

March 27, 2019

Senator Chipman, Representative Tipping, and members of the Joint Standing Committee on Taxation, my name is David Rollins, Mayor of the City of Augusta, and I am here today on behalf of my city and the Mayors Coalition. I am here today in support of LD 1110.

The City of Augusta has a population of approximately 19,000 residents, which doubles during the working day. Additionally, much of the private property within the city has been converted to government and quasi-government property in the past 20 years, which pay no property tax to the city. This causes a great strain to our roads and services which the property owners in Augusta must shoulder the expense.

While the proposed increase in revenue sharing would be helpful, we are not likely to meet the 5% threshold. By allowing municipalities the option to implement a local option sales tax we would generate revenue which would help Mainers by lowering the amount of their property tax, and allow them to reinvest that saved money into their community.

Maine would no longer be in the minority of states who have implemented similar legislation. Maine's sales tax rate of 5.5% is below the national average. We currently rank 29<sup>th</sup> out of the 50 states for state only sales tax rate. When you add combined sales taxes, state and local, we rank 42<sup>nd</sup>.

Recently I spoke with the Burlington and Rutland Vermont Chambers of Commerce to get feedback from the business communities. What I heard was consistent from each chamber. Initially, like here, there were concerns of community to community competition and border community fears of the effect and reaction of business flowing to New Hampshire. Now, five-six years later, the effect to the business community has been minimal, if anything at all. Meanwhile both communities have seen increases in public services...simply put, the municipalities are healthier. The effect on property taxes has been stabilization.

Here is a question legislators want to know...what would Augusta spend the additional revenue on? The following areas would benefit greatly from increased revenue to Augusta...broadband expansion,

buildings, equipment, roads, sidewalk, parks and cemetery maintenance, fire, police, teacher, public employee salaries, quality of life enhancement through parks & recreation, and attracting of new business. In a phrase "Making the City Shine".

Thank you for your time and attention. I'd be pleased to take any questions.