

4/CP/BTF

**PROPOSAL TO REDUCE  
THE COST OF GOVERNMENT  
THROUGH REFORM  
OF GOVERNMENTAL RELATIONS**

**November 1997**

**Final Report  
Prepared for the Governor  
by the Task Force on Intergovernmental Structure**

## EXECUTIVE SUMMARY

This report is a product of the Task Force on Intergovernmental Structure, a 21-member group of municipal, county, and state officials. The Commission was authorized by Governor Angus King in an Executive Order dated October 1, 1996, for the purpose of:

- relieving property taxes through more efficient delivery of local services;
- reducing duplication and fragmentation of services between levels and among units of government;
- matching the responsibility for providing governmental services with the responsibility for funding those services; and
- improving communications and consultations between levels of government.

The Task Force is proposing reform in state-county-local relations that will:

- a. Permanently reduce property taxes collected by counties statewide by an estimated 62% (by county, this ranges from about 50% to 85%).
- b. Greatly expand the opportunity for joint municipal services, using county government as a vehicle for voluntary cooperation. Such voluntary cooperation can save potentially millions of dollars annually. For every 1% of efficiencies gained statewide, there would be savings of \$5 million. The state also will have opportunities to turn to counties and municipalities where decentralization of its services makes sense.
- c. Reduce duplication and improve cooperation at all levels of government.

It will do this by:

- a. **Having state government pay for the mandates** it requires of county government and that now are paid for by the property tax. These include jails, support for the district attorneys' offices and the courts, the registries of deeds and probate, and other law enforcement functions. These come to about 62% of all county costs now paid by the property tax, roughly \$37 to \$38 million per year. The payment would be made to counties through establishing a **county revenue sharing program**, similar to the community revenue sharing program. The Task Force is asking the Legislature's Taxation Committee to include funding for this shift in costs in its tax reform package for the second session of the 118th Legislature.

- b. **Freezing, by state law, the property taxes** charged to municipal governments to pay for the remaining 38% of costs of county services (with flexibility in case of emergencies or needed new debt service).
- c. Assuring that the shift in funding of county services from the property tax to broad-based state taxes **does not translate into an increase in overall tax burden in the state.**
- d. **Enabling county governments to design and offer local governments**, on a competitive, fee-for-service basis, an array of municipal services, and encouraging local governments to take advantage of such joint services where they would reduce costs or improve effectiveness.
- e. **Assuring that county government has the capacity** to design and deliver such services reliably. Professional administration would be required, and those seeking the office of treasurer would need to meet minimum qualifications.

By the end of CY2003 each county would be required to prepare new or amended charters incorporating these provisions and to put the charters to referendum. Voters may choose either to adopt the charter or to keep their present structure of county government. The new fiscal arrangement, in which the state takes responsibility for designated county expenses and local property tax rates charged for county services are frozen, would take effect upon adoption by a county of a new charter.

The proposal also urges the Maine Municipal Association, the Maine County Commissioners Association, and the Governor to **create, by a memorandum of agreement, an Intergovernmental Advisory Commission** to monitor progress under the reform, improve communications among the three levels of government, sponsor pilot projects, and recommend additional efficiencies.