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**Sent:** Monday, June 1, 2020 4:12 PM  
**To:** Nate Rudy <[nrudy@hallowellmaine.org](mailto:nrudy@hallowellmaine.org)>  
**Subject:** Advocacy Opportunity for Federal COVID-19 Municipality Relief Package



LEGAL ALERT

## Advocacy Opportunity for Federal COVID-19 Municipality Relief Package

As the effects of COVID-19 continue to be felt across the state, the financial blows being faced by municipalities continue to accumulate. Bernstein Shur is partnering with a variety of businesses, non-profits and municipalities to create a sign-on letter to our Congressional delegation urging passage of \$650 billion relief for municipalities. We are forwarding a draft of the letter for you to consider signing on. If you are interested or have any questions – please reach out to our colleague Kate Knox – who is coordinating signatories.

[Click Here to Review the Draft](#)

To learn more visit our [Coronavirus Legal Response Team](#) webpage, our [Municipal Practice Group](#) webpage, or [contact us here](#).

### Meet Kate Knox



Kate Knox | [View Bio](#)

To Maine's Congressional Delegation:

We, the undersigned elected officials, town managers, and leaders of public and private Maine-based organizations, thank you for your leadership during the coronavirus pandemic, and, especially, for your efforts in passing four relief packages for Maine people and businesses. Unfortunately, despite those efforts, Maine state and local governments face a catastrophic and unprecedented loss in revenue which will harm children and seniors the most and lead to property tax increases for hundreds of thousands of Maine households.

**We urge you to provide \$650 billion in funding for state and local governments in the next coronavirus relief bill**, with no or limited cutoffs for population size. We also urge you to clarify that the emergency funding distributed to states and schools from the CARES Act can be used to offset revenue losses directly due to the pandemic.

In the first five weeks since Governor Mills' stay-at-home order, initial unemployment claims in Maine were more than 100,000, matching the total for the previous two-and-half-years. The Maine State Economist's office projects that 1 in 3 Maine jobs are affected by the stay-at-home order, and the Federal Reserve Bank of Saint Louis estimates that Maine has the 6<sup>th</sup> highest rate of "high contact intensive" occupations in the country. This loss of jobs, income, and spending will likely result in the largest budget shortfall in Maine history. The Federal Reserve Bank of Boston projects Maine will lose roughly \$500 million in revenue in FY 2020 compared to FY 2019. Moody's Analytics projects a revenue loss of close to \$1 billion in the fiscal years 2020 and 2021.

Without direct aid to state and local governments, revenue losses of this magnitude will be offset, by necessity, by spending cuts to the largest parts of the state budget – general purpose aid for local education and revenue sharing for towns. Maine children will suffer the brunt of these cuts with fewer resources for their local schools: higher student-teacher ratios, older technology, cuts in career training offerings, scaled-back extra-curricular and advanced classes. Inequities between Maine's wealthier and poorer towns will be worsened, with smaller, poorer, rural towns hit the hardest. Maine communities will be forced to cut school budgets and municipal services, raise property taxes, or both.

Raising property taxes will affect virtually all Maine households, but will hurt the elderly and young families the most. If Maine towns lose \$150 million in state funding (just 10% of Moody's projected revenue loss), Maine's cumulative property tax rate would increase by about a dollar per thousand dollars of assessed value. For a homeowner of the median-priced home, this means a tax increase of \$250. A revenue loss of \$300 million means a \$500 hike in property taxes.

The pandemic has the potential to devastate Maine communities through job losses, business closures, cuts to school budgets, and property tax increases. **We urge you to provide \$650 billion in support for state and local governments in the next coronavirus bill, with no or limited population restrictions, and to allow states and schools the flexibility to offset revenue losses with funding from the CARES Act.** Thank you for your continued leadership in this crisis.

Signed,