



Maine Municipal Association

2014 Federal Issues Paper



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The 2014 Federal Issues Paper is a publication of the Maine Municipal Association. The purpose of the paper is to highlight federal issues that are of concern to Maine municipal officials and to reflect the policy positions adopted by the MMA Executive Committee.

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Maine Municipal Association

OUR MISSION

The mission of the Maine Municipal Association is to provide professional services to local governments throughout Maine and to advocate their common interests at the state and national levels.

OUR CORE BELIEFS

We believe in:

- Local government as the keystone of democracy.
- Representative and participatory local government.
- The accessibility and accountability of municipal government officials.
- A commitment to honesty, integrity and the highest ethical standards among public officials.
- The vital intergovernmental role of municipal governments in providing basic services essential to public safety and the functioning of our economy.
- The individuality of each local government.
- The value of collaboration as a means of strengthening cities and towns and providing needed services.

LOCAL GOVERNMENT
begins with **YOU**[®]

Introduction

Maine's Towns and Cities in a Tough Spot

The Maine Municipal Association appreciates the opportunity to meet with members of our Congressional Delegation to discuss the issues outlined in this Paper. Municipal officials are focused on getting the job done – providing basic services to our citizens and businesses while striving to keep property taxes and fees as reasonable as possible.

This task seems to become more challenging each passing year. We know that members of the Delegation keep in touch with what's happening in our state, but as a backdrop for our discussions, it might be helpful to recap some state level actions which are affecting municipal governments. These include:

- Annual loss of \$85 million in state municipal revenue sharing funds – a 60 percent reduction from the statutorily authorized funding level.
- Repeal of the “Circuitbreaker” property tax relief program targeted to Maine’s low-income homeowners and renters. This program was replaced with a less effective income tax credit with significantly reduced eligibility.
- Ten percent reduction in state financial support for municipal government maintenance of state collector roads.
- Transfer of financial responsibility for the “normal cost” of teachers’ retirement premium to property taxpayers.
- A myriad of tax code changes which have narrowed the property tax base, resulting in a higher property tax burden for home owners and small businesses.
- A wide range of unfunded mandates (including some federal mandates) which increase costs and stretch limited staff and financial resources.

These may not be federal issues per se, but we raise the points to underscore the constraints under which municipal governments are operating. In the grand municipal tradition, town and city officials are looking for solutions.

The 2014 Federal Issues Paper presents a study in problem solving; some problems can only be solved with help from Congress.

- Some communities are dealing with the immediate needs of people from other countries seeking asylum, but the federal government needs to process the asylum applications much more expeditiously.
- Fundamental equity in the way sales taxes are administered can only be solved with Congressional action.
- Municipalities have no role with respect to the regulation of railroads, yet are exposed to environmental and fundamental safety impacts to the extent those regulations are inadequate.
- The Clean Water Act and the special education mandates still weigh heavily on our property taxpayers and our utility ratepayers. If federal resources are not forthcoming, alternative and more cost effective methods of imposing or enforcing the federal mandates should be considered.

These are just some of the issues discussed in the following pages. We look forward to discussing them with you and your staffs.

Rail Safety

The officials and citizens in Maine's towns and cities, particularly those located along the 1,100 miles of active railroad track in the state, are very concerned about the safety of the rail transportation system. The July 6, 2013 tragedy in Lac-Megantic, Quebec heightened the municipal awareness of the increasing volume of volatile and hazardous materials that are being transported by rail. According to the Maine Department of Environmental Protection, the amount of oil transported by rail across the state increased from 25,000 barrels to five million barrels between 2011 and 2012.

Following the Lac Megantic railroad disaster, MMA received an invitation from the Union of Quebec Municipalities (UMQ) to participate in an event designed to encourage railroad safety improvements. MMA President Peter Nielsen (Town Manager, Oakland) and Executive Director Chris Lockwood attended the event in early December, which included a sobering tour of the disaster site, and participation in a news conference in Montreal, stressing the international scope of the railroad safety issue.

Railroad safety policy is primarily a function of federal legislation and regulation. However, the experience in neighboring Quebec province and news stories of other railroad hazmat incidents in the U.S. and Canada have underscored the importance of meaningful local government involvement on the front end as policies are reviewed and updated.

We offer the following issues for consideration by the Maine Congressional Delegation:

Rail Tank Car Safety – MMA submitted testimony in November 2013 in support of proposed rules promulgated by the U.S. Department of Transportation's Pipeline and Hazardous Materials Safety Administration (PHMSA). The standards proposed in P-1577 and P-1587 of PHMSA 2012-0082 would serve to decrease rail derailments, decrease the release of hazardous materials during a derailment, and increase general public safety by: (1) requiring newly constructed DOT Specification-111 tank cars transporting PG I and II hazardous materials to meet specific rail load, shield and materials standards; (2) requiring existing DOT Specification-111 tank cars to be retrofitted with appropriate head shields and jackets; (3) improving rail integrity; (4) using alternative brake signal propagation systems; (5) implementing speed restrictions for key trains containing 20 or more loaded tank cars; and (6) requiring railroad companies to immediately provide emergency responders with information about the location of all hazardous materials on a train.

Congressional oversight – In addition to the tank car safety concerns identified above, it would appear there are a number of other issues warranting attention, including responsibility and liability for the costs which ensue after a hazmat rail incident. The information we received from officials in Lac Megantic was truly staggering regarding the economic, environmental and financial magnitude of the disaster, in addition to the tragic loss of life and suffering. There are also concerns related to the prolonged timetable for regulatory agency action.

Municipal government officials stand ready to provide input to members of the Congressional Delegation as you review current and prospective rail transportation and safety measures. Local governments are on the front line in responding to rail transportation accidents. It is clear from recent experience that more can and should be done to take corrective and preventive measures to reduce the likelihood of future incidents. We would appreciate the support of the Congressional Delegation in urging regulatory agencies to recognize the importance of input from local governments on these matters which affect citizens and businesses in our communities.

MAINE RAIL SYSTEM 2011

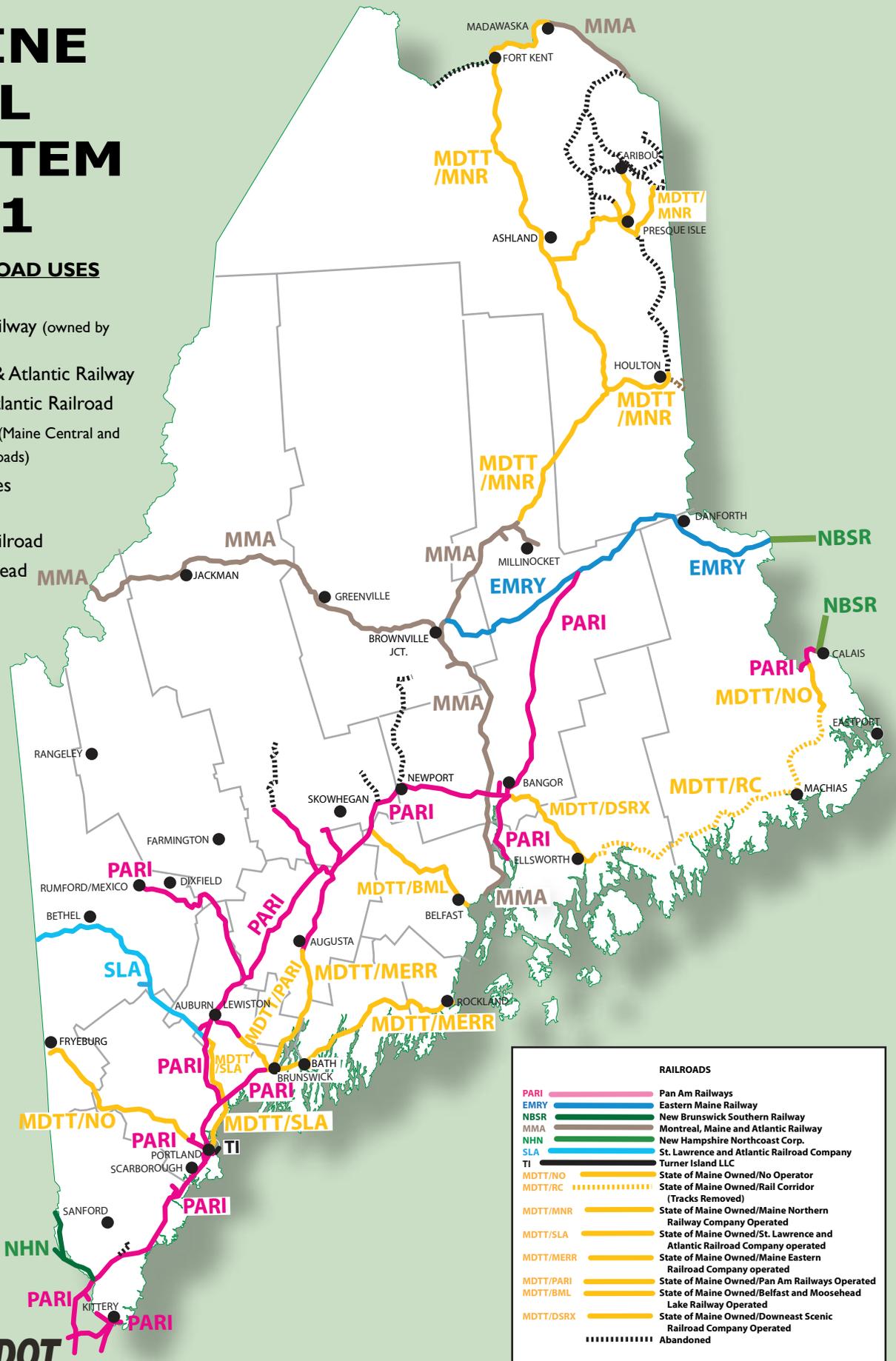
MAINE RAILROAD USES

Cargo:

- Eastern Maine Railway (owned by Irving)
- Montreal, Maine & Atlantic Railway
- St. Lawrence & Atlantic Railroad
- Pan Am Railways (Maine Central and Boston & Maine Railroads)
- State Owned Lines

Passenger:

- Maine Eastern Railroad
- Belfast & Moosehead Lake Railroad



RAILROADS	
PARI	Pan Am Railways
EMRY	Eastern Maine Railway
NBSR	New Brunswick Southern Railway
MMA	Montreal, Maine and Atlantic Railway
NHN	New Hampshire Northcoast Corp.
SLA	St. Lawrence and Atlantic Railroad Company
TI	Turner Island LLC
MDTT/NO	State of Maine Owned/No Operator
MDTT/RC	State of Maine Owned/Rail Corridor (Tracks Removed)
MDTT/MNR	State of Maine Owned/Maine Northern Railway Company Operated
MDTT/SLA	State of Maine Owned/St. Lawrence and Atlantic Railroad Company operated
MDTT/MERR	State of Maine Owned/Maine Eastern Railroad Company operated
MDTT/PARI	State of Maine Owned/Pan Am Railways Operated
MDTT/BML	State of Maine Owned/Belfast and Moosehead Lake Railway Operated
MDTT/DSRX	State of Maine Owned/Downeast Scenic Railroad Company Operated
.....	Abandoned



The Affordable Care Act and its Effects on Municipalities

The federal Affordable Care Act (ACA) may have been passed in 2010, but its provisions are still being implemented, and regulations continue to be issued. One provision of the law that has provoked a great deal of discussion and concern among municipal employers is the Employer Shared Responsibility provision of the ACA, slated to take effect in January of 2015.

Counting Municipal “Employees.” The Employer Shared Responsibility provision, frequently referred to as “Play or Pay”, will eventually apply to all employers with 50 or more full-time/full-time equivalent employees, defined as Large Employers under the ACA. Starting in 2015, Large Employers with **100 or more** full-time/ full-time equivalent employees may be subject to a penalty if they do not offer health insurance coverage to the majority (70% in 2015; 95% in 2016) of their eligible full-time employees, or if the coverage that they do offer does not meet certain criteria (including affordability) as defined by the ACA. The penalty provisions expand to include Large Employers with **50 or more** full-time/full-time equivalent employees in 2016, based on the final regulations issued by the IRS in mid-February of this year.

Although determining how many employees an employer has - and how many hours those employees work - would seem to be a straightforward calculation, for many municipal employers this was not the case prior to the issuance of the final regulations. One of the most contentious areas was the calculation of hours for “on call” or “volunteer” firefighters and emergency medical personnel.

The ACA defines “full-time” employees as those working 30 or more hours per week on a consistent basis, as measured by the employer over a set period of time. Based on the original language of the ACA, volunteer firefighters and emergency personnel would be included in the definition of an “employee”, and thus, their hours would be included in the calculation of full-time/full-time equivalent employees.

The final regulations have clarified this definition to exclude hours worked as a “bona fide volunteer” from the calculation of full-time/full-time equivalent employees. In addition, the final regulations modified the definition of a “bona fide volunteer” somewhat from the generally accepted definition, so that, for purposes of calculating full-time/full-time equivalent employees under the ACA, “any volunteer who is an employee of a government entity whose only compensation from that entity or organization is in the form of (i) reimbursement for (or reasonable allowance for) reasonable expenses incurred in the performance of services by volunteers, or (ii) reasonable benefits... and nominal fees, customarily paid by similar entities in connection with the performance of services by volunteers” will not be included in the calculation of full-time/full-time equivalent employees.

Presumably, this new definition of “bona fide volunteers” will include not only volunteer firefighters and emergency medical personnel, but also on-call firefighters, on-call medical personnel, elected officials such as selectmen or city council members who may receive a stipend from the municipality, election workers, etc. If so, this change will be a huge relief to a number of smaller municipalities that might otherwise have experienced a significant increase in potential health insurance costs as a result of the ACA.

Some small municipalities, which should seemingly not come close to the ACA’s definition of a Large Employer, may have as many as 50 volunteer firefighters and EMTs. Including the hours for these “volunteers”, as the original language of the ACA required, would have moved the small employer into the Large Employer category, requiring the employer to offer affordable health insurance coverage to almost all eligible employees working 30 or more hours per week (or face a penalty). Since many of the “volunteer” firefighters and EMTs work in excess of 30 hours per week, especially when “on call” hours are included in the mix, this would have put a large strain on these smaller employers.

Although the final regulations may have brought some relief to smaller municipalities, by clarifying that hours worked by “bona fide volunteers” will be excluded from the calculation of full-time/full-time equivalent employees, some larger employers may still be negatively affected by this issue. According to a recent article published by Neil Bomberg of the National League of Cities (*What Cities Need to Know about the ACA’s*

Employer Mandate Rules, February 18, 2014), “cities and towns where volunteers receive compensation that is more than nominal, even if it is less than what is paid to regular firefighters, **will have to count their volunteers as employees** for purposes of the ACA.” [emphasis added]

For an example of how this provision of the ACA may impact a larger employer, consider the Town of Freeport. Freeport has 65 regular full-time employees, which makes it subject to the Employer Shared Responsibility provision of the ACA effective January 1, 2016. The Town does not currently offer health insurance coverage to its volunteer and on call firefighters and EMTs. The Town employs nearly 80 of these volunteer and on call personnel, none of whom are currently eligible for benefits, but 13 of whom will be considered “full-time employees” under the ACA’s language.

According to Peter Joseph, Freeport’s Town Manager, if the Town of Freeport is required to offer health insurance coverage to these 13 individuals, this could increase the Town’s annual health insurance budget by almost \$100,000, based on the premium for self-only coverage under the Town’s current health plan offering. Since the Town currently has only 65 full-time employees, this will translate to an increase of 20%, at a time when municipal budgets are already strained to nearly the breaking point.

The potential budget impacts of having to provide affordable health insurance coverage to volunteer and/or on call firefighters and emergency medical personnel working 30 or more hours per week could be staggering. Although the change in policy outlined in the final regulations will certainly be welcomed by smaller municipal employers, if larger employers are still required to offer coverage to their volunteer and on-call firefighters and emergency personnel, this will cause a significant negative impact on many municipal budgets. Further clarification and, perhaps, further change to the law, is needed.

Equitable Application of “Provider Fee.” Another section of the ACA that may have an impact on municipal employers is Section 9010, the Provider Fee, which imposes an annual fee on all companies in the business of providing health insurance for U.S. health risks, starting in 2014. This would include health insurance companies such as Anthem, Aetna, or Cigna, as well as non-fully insured Multiple Employer Welfare Arrangements or MEWAs. Individual governmental entities are not subject to this fee; nor are employers that self-insure their health insurance coverage.

A significant number of Maine municipalities purchase health insurance for their employees through the Maine Municipal Employees Health Trust. The Maine Municipal Association is the Plan Administrator for the Health Trust, which is a self-insured Multiple Employer Welfare Arrangement (MEWA), as well as a Voluntary Employees’ Beneficiary Association (VEBA).

Our understanding of the Section 9010 fee is that, although individual self-insured employers are exempt from the fee, two or more employers that participate in a self-insured MEWA are not. Similarly, it appears that, as the law is currently interpreted, individual governmental entities are exempt from the Section 9010 fee; however, a self-insured MEWA (such as the Health Trust) consisting primarily of governmental entities with some non-governmental groups, such as water districts and other quasi-governmental entities, is not.

Imposing the Section 9010 Provider fee on the Health Trust would impose a significant financial burden on the Trust. Seventy-seven percent (77%) of the participants in the Health Trust health insurance plans are municipal and county employees, and should thus fall under the governmental exemption. We believe that, while the ACA Section 9010 Provider Fee does apply to the non-governmental employees covered under the Health Trust health insurance, no fee should be assessed on coverage for the over 6,500 governmental employees covered under the Health Trust plans.

Special Education

Working Together to Provide an Affordable Quality Program

According to the Maine Department of Education, the state's K-12 school systems statewide spend \$334 million each year to provide the education services mandated under the federal Individuals with Disabilities Education Act (IDEA). Of the total average annual expenditure, \$284 million is funded with state and local tax dollars, while \$50 million is funded through federal level appropriations. Although the federal government's share of the program is targeted at 40% of total expenditures, on average federal funding accounts for only 18% of Maine's total special education costs. Each year, federal funding for special education falls well over \$100 million short of the "40%" standard in statute.

Municipal officials are cognizant that the revenue shortfalls being faced at the state and local levels are also being faced at the federal level at a proportionally larger scale, and that full funding for programs, including special education, is hard to come by. However, the lack of fiscal resources should not become the obstacle of forward momentum and change. Special education programming deserves to be revisited with the knowledge that federal funding will likely never be provided by Congress at the statutory 40% level. To ensure that a comprehensive revisiting effort is successful, all the interested parties, including the federal level policymakers that enact the programs, school administrators that implement the programs, and state and local taxpayers that fund the programs, need to be at the table to discuss ways to provide the needed services in the most cost effective manner possible.

A step in that direction occurred in mid-July 2013 when seventeen municipal leaders and school officials met with Senator Angus King to discuss the federal special education requirements dictated by IDEA. At that meeting, school superintendents and special education program administrators took the opportunity to share their experiences with implementing special education programs in real life. Although the discussion covered a lot of ground, this article describes just one idea advanced at that meeting as an example of what might be accomplished assuming a willing Congress.

One of the IDEA implementation challenges raised at that meeting focused on the degree the law can nurture a litigious relationship between a school and student regarding claims that a student's educational needs are not being met. The complaints filed against school districts range in magnitude from concerns with the adequacy of a student's individual education plan to demands for costly out-of-district placements. The existing grievance process begins with mediation. If the identified concerns are not resolved through mediation, the issue moves to a due process hearing and then ultimately to court, if necessary.

The issue at hand is the cost, in terms of both financial and human, associated with litigating these cases. Since the process can be drawn out and take a toll on all of the parties, it is not uncommon for a school district to settle the claim and provide enhanced services, even when the service delivery experts within the school system most sincerely believe in the adequacy of the services being provided to the student. Although they may come at their missions from different perspectives, the common goal of the educators, administrators, parents and student advocates in these cases is to ensure that students receive a quality education.

Administrators believe that the grievance process should be amended to ensure that limited educational resources are being used to provide services rather than to litigate or avoid additional legal costs. A solution offered at that July meeting was the creation of a system of independent regional boards tasked with reviewing all of the information and making a preliminary assessment of the facts, prior to authorizing the interested parties to carry the disagreements into the courts. The concept borrows from the Maine Human Rights Commission, which previews claims prior to litigation to evaluate their merit without prejudice.

Municipal officials look forward to continuing to discuss solutions for maximizing limited federal, state and local resources in the implementation of all federal mandates.

Flood Insurance Reform

In 2012, Congress passed the Biggert-Waters Flood Insurance Reform Act, phasing out premium subsidies for the National Flood Insurance Program that had existed since 1968. Under the Act, the Federal Emergency Management Agency (FEMA) is required to set insurance rates to reflect a property's actual or "true" flood risk. The downtown "heart" of many of Maine's towns and cities is developed along rivers, lakes, and the ocean. The municipal concern is the potential for abandonment and resultant foreclosures stemming from owners' inability to cover flood insurance premiums, which may very well exceed mortgage costs on a monthly basis. There is also a real concern that this law will severely hinder new development.

This issue is likely to come to a head in 2015 when FEMA's new flood maps, which extend flood zones further inland, take effect. Unfortunately it appears there may be widespread errors with the new map drafts. Twenty-eight percent of the property in Old Orchard Beach, for example, is currently in a flood zone. Under draft FEMA maps, this figure will expand to 42 percent according to the town's consultant. Beginning in March of 2014, municipalities will have a 90-day window to appeal once the maps are finalized and these appeals must be based on scientific or mathematical evidence. While MMA would not dispute that the maps need updating, municipalities deserve to at least have FEMA take locally generated, detailed reports into account, as was done the last time flood zone lines were redrawn for certain communities in 2009. FEMA is currently refusing to do so. The communities whose maps were redrawn in 2009 benefitted from having FEMA consider their local research and it is unfair to discontinue that policy to the detriment of other communities, especially when it appears FEMA's new drafts contain extensive inaccuracies.

Moreover, FEMA ought to justify its new map lines by sharing with the municipalities the data it is relying on before the 90-day appeal clock starts ticking. If FEMA continues to refuse to consider data generated by cities and towns, municipalities should know FEMA's reasons in order to give them a fair shot at their appeal. The Senate's bi-partisan passage of the Homeowner Flood Insurance Affordability Act, which delays the onset of increased flood insurance premium rates, was a step in the right direction and House members are encouraged to support the measure as well. Regardless of the outcome of this legislation, MMA encourages Maine's Congressional Delegation to press FEMA to consider practical, local level mapping input to the greatest extent possible.

Petitioned Expansion of Stormwater Mandates Still Searching for the Benefits of the “Integrated Approach”

Our Federal Issues Papers over the last two years have drawn attention to the promising signal contained in an open memo issued by the EPA’s Office of Water demonstrating a willingness to work with regulated communities to ensure a more flexible, locally-driven and cost effective approach with respect to the Clean Water Act mandates. The extent to which the EPA internalizes and implements its 2011 “Integrated Municipal Stormwater and Wastewater Planning Approach Framework” remains to be seen. MMA reiterates our request that Maine’s Congressional Delegation encourage the EPA to focus its attention on removing federal regulatory/procedural obstructions and redundant/overlapping jurisdictional obligations so that the mandate can be implemented most cost effectively. This request is made all the more salient in light of a recent petition to the EPA to expand stormwater management requirements over a wide geographic area in Maine on a categorical, rather than site-specific, basis.

The petition presented to the EPA by three environmental advocacy groups references 157 large and small lakes, rivers and streams throughout Maine, many of which lie near rural municipalities with little in the way of staffing or infrastructure. By granting the requests sought in this petition, the EPA would effectively increase the number of Maine municipalities regulated under the Phase II National Pollutant Discharge Elimination System well beyond the 30 that are currently regulated. If the petition is granted as presented, nearly half of Maine’s 492 municipalities could be swept into the stormwater management mandate. Although Maine’s Department of Environmental Protection (DEP) has narrowed the list of “impaired” waterways potentially subject to the petitioners’ claims down to nine brooks and gullies in more urban locations, the ultimate decision on how to respond to the petition is going to reside with the EPA.

As with the looming five-year rulemaking update to stormwater regulations, the EPA’s decision on this petition will provide a clear reflection on how much weight it is affording the integrated approach framework memo and the direction it intends to take with regard to assisting regulatory compliance at the local level. Maine’s towns and cities want to do the right thing with respect to clean water, but they need the federal government to work with, rather than against them in that effort. By acquiescing to the petition, the EPA would be signaling a willingness to drastically expand its own administrative burden as well as the municipalities’, right at the time local governments are being forced to drastically reduce their own programs and services because of severe financial cutbacks.

Asylum Seekers: Federal Policies and Practices Burden Municipal Welfare Programs

To be eligible for asylum status in the U.S., citizens of other countries must have suffered past persecution in their homeland or fear future persecution on account of race, religion, nationality, political opinion or membership in a particular social group. Asylum seekers come to Maine seeking safety and a better future for themselves and their families. Many of these new Mainers come to the state with extensive educational backgrounds, high level skills and an eagerness to work and contribute to their new communities. Fleeing unsafe conditions in their country of origin, these individuals and families often come to Maine with very little and may initially need support to get their feet on the ground.

The federal government entirely controls who will be granted asylum and ultimately permits these individuals to work in the United States. Federal policies and practices, including delays in processing necessary documents, are shifting the initial burden for assisting these individuals to state and municipally funded assistance programs.

One of the largest contributors to the shift of burden is the delay in the process for granting asylum. Although applications for asylum are required by law to be adjudicated within 180 days of filing, in reality it often takes several years to obtain a final decision. In addition, the U.S. Citizenship and Immigration Services (USCIS), a division of the U.S. Department of Homeland Security, will not grant employment authority to an asylum seeker until 180 days from the date an application for citizenship is filed. Until the asylum seeker receives employment authorization, he or she is unable to work in the U.S.

Because asylum seekers are ineligible for both federal benefits and benefits from state programs funded in part with federal dollars, the municipal General Assistance (GA) program is the only system left standing to pick up the tab.

The General Assistance program is a partnership between the state and municipalities whereby the communities administer a program designed to provide assistance to those in need and share the financing obligations on a 50-50 basis. The assistance provided is based on a household's conservatively-calculated "need" as well as strict adherence to program rules. Citizenship status does not affect eligibility for assistance.

Federal level delays in matters related to asylum seekers have mainly impacted the state's two largest communities. In the last two and one half years, the cities of Lewiston and Portland have provided nearly \$10 million in assistance to 3,900 asylum seekers. As a result, the property taxpayers in Lewiston and Portland bear the brunt of this burden.

In 2012, the City of Lewiston provided \$119,000 in assistance to 88 asylum seekers, which accounted for 14% of their total GA budget. In 2013, 85 asylum seekers received \$103,000 in aid, accounting for 15% of total spending.

In Portland, the numbers are more extreme. In FY 2012, 915 asylum seekers received \$3.1 million in GA, 37% of the City's total GA budget. In FY 2013, 1,339 asylum seekers received \$4.0 million in GA, accounting for 41% of Portland's total budget.

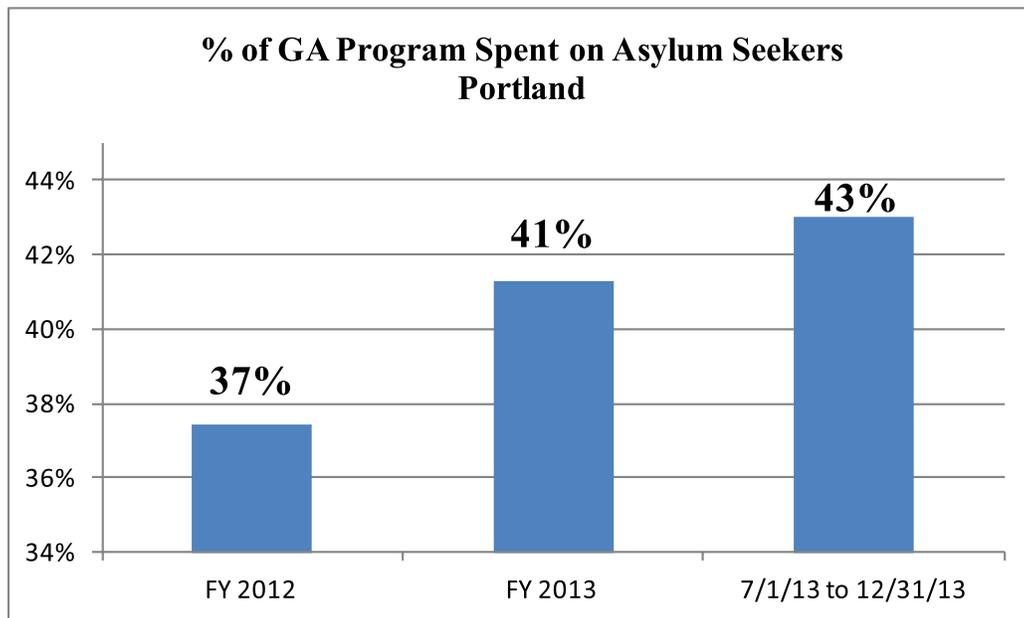
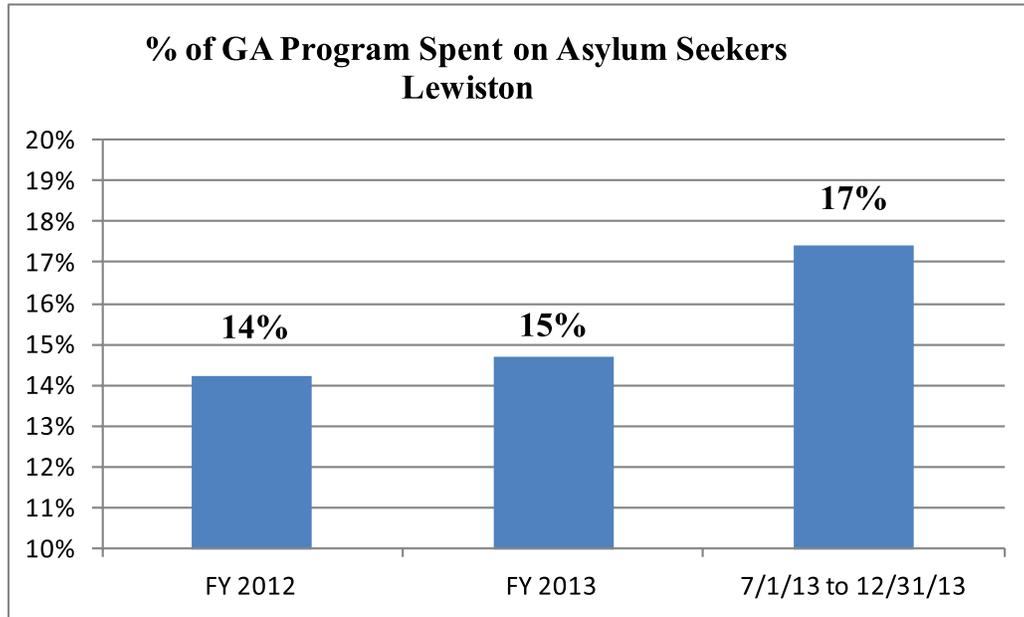
Both cities have experienced growth in the assistance provided to asylum seekers in the first six months of FY 2014. Lewiston has already spent \$60,000 assisting 103 individuals, while Portland has spent \$2.2 million to provide assistance to 1,320 asylum seekers.

In addition to unfairly burdening the state's two largest communities, the frustration with federal level delays and lack of financial assistance is in part fueling state level initiatives to curtail or limit what little assistance can be made available for asylum seekers.

On December 18, 2013, Maine's Department of Health and Human Services announced that it was accepting public comments on a General Assistance program policy change proposing to make individuals who are not eligible for federal or state-federal public assistance benefits due to citizenship status also ineligible for

General Assistance. The Department has not decided whether it will move forward with the policy change.

Rather than resorting to making individuals seeking safety from wars, violence and oppression ineligible for assistance at all levels of government, municipal officials are asking the federal government and Maine's Congressional Delegation to move forward with the adoption of federal polices and the implementation of federal practices to ensure that those provided a safe haven in our country quickly receive the documents and federal resources necessary to live here and contribute to our communities.



Marketplace Fairness Act Action in 2014?

The Marketplace Fairness Act did not see formal action in Congress last year, but supporters are optimistic that constructive action might be taken in 2014.

As the name implies, fairness remains the over-arching argument behind the measure, which would provide a framework to level the playing field for “bricks and mortar” retailers and their online and catalog competitors with respect to sales and use tax collection practices. The legislation would generate an estimated \$18 million to \$28 million in sales tax revenue for the State of Maine each year, according to an analysis by the Retail Association of Maine and Maine State Chamber of Commerce.

The Act would put Internet retailers and their Main Street competitors on equal footing regarding state sales taxes. Today, online giants such as Amazon and Overstock dwarf Main Street retailers, which dutifully charge and forward sales taxes while their Web-based competitors do not. Here are some key points about the Act:

- **It would instill fairness.** Consumers should pay sales taxes to support governmental services and the tax should apply equally to all retail establishments. It is hard to defend favoring online and catalog retailers.
- **The technology is easy.** Online retailers once argued that technical obstacles made it difficult to assess state-by-state sales taxes. That is no longer the case. If an online retailer can automatically calculate shipping fees based upon how much a consumer is spending or what product is being purchased, sales taxes also can be calculated and forwarded. It is important to note that retailers with remote sales of less than \$1 million per year are exempt.
- **This is not a new tax.** Some opponents argue that this is a tax increase, but it’s not. The sales and use tax in Maine dates to 1953. Maine residents are required by law to report and remit sales and use taxes for purchases made outside the state. The Marketplace Fairness Act simply ensures that all retailers participate equally in the collection and distribution of sales taxes.
- **The federal Act has many backers.** Not surprisingly, retail and merchants associations in virtually every state – including Maine – support the Act. So, too, do the National League of Cities, National Governors Association, National Conference of State Legislatures, U.S. Conference of Mayors, labor unions and many states’ veterinary associations. Moreover the Act is endorsed by many national retailers with strong Maine presences including: Wal-Mart, Dick’s Sporting Goods, Petco, PetSmart, Lowes, Target, Tractor Supply Company and Wendy’s.



Maine Municipal Association