



February 7, 2024

The Honorable Nicole Grohoski, Senate Chair
The Honorable Joe Perry, House Chair
Joint Standing Committee on Taxation
State House, Room 127
Augusta, ME. 04333

Senator Grohoski, Representative Perry, Honorable members of the Joint Committee on Taxation:

My name is Sebastian Belle and I am the Executive Director of the Maine Aquaculture Association (MAA) and the current president of the National Aquaculture Association (NAA). The MAA is the oldest state aquaculture association in the country. We represent Maine's aquatic farmers that raise finfish, shellfish and sea vegetables. Our farmers annually produce over 100 million dollars in farm gate revenue and directly employ roughly 700 Maine citizens year-round. We purchase goods and services from over 400 Maine businesses and our total economic impact is roughly 150 million dollars annually. I stand before you today to testify Neither For Nor Against on LD 2162 "An Act Regarding the Homestead Property Tax Exemption and the Property Value Reassessment Process."

I want to thank Representative Dan Ankeles and the cosponsors for bringing the bill forward and wish to comment only on those parts of the bill that pertain to the working waterfront current use taxation issue. The MAA is an original founding member of Maine's Working Waterfront Coalition. Founded almost 20 years ago the coalition was the first of its kind in the country. Commercial fishing, aquaculture, conservation and marine policy groups joined forces to work together to address a crisis occurring along Maines coastline. Working waterfront properties were being lost to residential conversions. Iconic water dependent businesses were losing their ability to access the water. Working waterfront families were losing their ability to continue their maritime heritage. In response to that crisis the Coalition worked together to create two tools that would help preserve Maines working waterfronts, the current use taxation designation for working waterfront properties and the working waterfront preservation program that became part of the Lands for Maines Future. Both tools were the first of their kind in the country and in a number of cases they have served as models for similar programs in other states.

Although the programs have preserved some critically important properties that would have been lost had the programs not existed the loss of working waterfronts has continued. Property values and taxes have dramatically increased in coastal communities putting tremendous pressure to "cash out" on property owners. The Covid epidemic and ability to work remotely has caused significant in migration to coastal communities driving property values even higher and forcing longtime residents to move inland to seek affordable housing and business locations. Unfortunately for water dependent businesses relocation inland is not an option. The working waterfront crisis has gotten worse and the very nature of Maines coastal communities is at risk.

The work to preserve Maine's working waterfronts done by the Coalition and the Maine State Legislature was groundbreaking at the time. We now see that there are some adjustments to these tools that need to happen if they are to be effective in the face of new market and demographic pressures. The working waterfront component of the Lands for Maines Future program has always been grossly undercapitalized. Shorefront land is the most expensive land in the state. If we are to continue to fight to preserve Maine's working waterfronts significantly more money must be allocated for those properties in the Lands for Maines Future Program. Relevant to LD 2162, significant changes must be made to the working waterfront current use taxation statutes to incentivize property owners participation in that tool. LD 2162 is a start.

MAA supports the aspects of LD2162 that broaden the definition of working waterfronts to include wharfs or piers used by persons engaged in commercial fishing activities (please note that by Maine State Statute for the purposes of this program the definition of commercial fishing includes aquaculture). MAA also supports the expansion of the definition to include ancillary structures that support those commercial fishing activities. We would respectfully suggest that the language in the current version of the bill seems overly narrow and made exclude some types of structures routinely used in working waterfront activities. MAA supports the provisions in the bill that increase the percentage reductions allowed to bring the program in alignment with the Maine Farmland Current Use program.

MAA has one major concern about the current version of the bill that is the reason we are testifying Neither for Nor Against. Currently LD2162 allows for the inclusion of "the residence of the person who owns the parcel". Current law excludes residences in the program. As written, it appears that someone with a very expensive summer home that allows the use of their dock for as little as one commercial boat for some unspecified time might qualify for the program. That does not seem to be in line with the original intent of the program and might very well provide an opportunity for some very expensive properties whose "real" use has little to do with working waterfronts gain significant tax breaks. If residences are going to be included then we would suggest they be the principal residence of a party directly involved in commercial fishing.

Maine has a long tradition of producing high quality, healthy seafood. Maine seafood is an iconic part of the Maine brand and Maine aquaculture products have earned their place as part of that brand. Working waterfronts are critical to our members ability to build and grow their businesses. Please help us continue to build the Maine brand and defend Maines working waterfronts. Vote "OUGHT TO PASS AS AMENDED" on LD 2162. I thank you for your attention and patience and would be glad to answer any questions you may have.

Sincerely,



Sebastian M. Belle
Executive Director