

**TESTIMONY OF  
MICHAEL J. ALLEN, ASSOCIATE COMMISSIONER FOR TAX POLICY  
DEPARTMENT OF ADMINISTRATIVE AND FINANCIAL SERVICES**

Before the Joint Standing Committee on Taxation  
Hearing Date: *April 2, 2025*

*LD 1168 – “An Act to Amend the Law Regarding the Current Use Valuation of  
Certain Working Waterfront Land with Respect to Commercial Boat Yards”*

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Senator Grohoski, Representative Cloutier, and members of the Taxation Committee – good afternoon, my name is Michael Allen, Associate Commissioner for Tax Policy in the Department of Administrative and Financial Services. I am testifying at the request of the Administration Against LD 1168, *“An Act to Amend the Law Regarding the Current Use Valuation of Certain Working Waterfront Land with Respect to Commercial Boat Yards.”*

This bill statutorily expands the category for property tax “current use” valuation of working waterfront land to include commercial boat yards, defined by the bill as a commercial facility that leases “storage, docking or mooring space” for use by qualified watercraft. LD 1168’s expansion is not consistent with previous limitations on the application of the working waterfront program.

As background, eligible working waterfront land is subject to current use valuation under Article IX, section 8 of the Maine Constitution and 36 M.R.S. §§ 1131 - 1140-C. Further, the current use authorization provisions in the Maine Constitution identify four specified "types of real estate," all described as "lands" or "land.” However, in the 131st Session, LD 2162, which became law without the Governor’s signature as PL 2023 c.671, expanded eligibility for the working waterfront program for the first time to include certain structures and buildings. This was the first time that a current use program was expanded to cover non-land

property. In testimony on that bill, the Office of Tax Policy noted concerns that the expansion of a current use program to include types of property beyond land would be an unprecedented change in the current use programs and was potentially unconstitutional under the Maine Constitution.

LD 1168 before you now similarly raises constitutional concerns by attempting to add *non-land* property into the working waterfront program. In addition, this bill also appears to expand eligibility under the program to some types of *non-waterfront* land, which raises additional constitutional concerns.

Any fiscal or administrative costs can otherwise be absorbed under current budgetary allotments.

In conclusion, the Administration is against this bill because of the constitutional concerns with the proposed expansion of the working waterfront program. I'll add as well that this Committee recently voted OTP on LD 744, a bill brought by the sponsor of LD 2162 from last session—Rep. Ankeles. LD 744 was introduced to address the concerns stemming from the changes made as a result of LD 2162, i.e., the expansion of the program to non-land property, beyond what it appears is allowed under the Constitution. Passage of LD 1168 before you today bill would undo some of the cleanup work that was addressed by this Committee in its vote on LD 744.

The Administration looks forward to working with the Committee on the bill; representatives from MRS will be here for the Work Session to provide additional information and respond in detail to the Committee's questions.