

**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 9, 2025*

LD 1368 – “*An Act to Provide a Property Tax Exemption for Allowing Shellfish  
Harvester Access to the Intertidal Zone*”

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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 1368, “*An Act to Provide a Property Tax Exemption for Allowing Shellfish Harvester Access to the Intertidal Zone.*”

The administration is in opposition to this bill because LD 1368 proposes a new property tax exemption in an administratively complex and problematic manner that greatly exceeds the incentive tax benefit being offered.

Turning first to the technical concerns within the bill as drafted, the bill provides for a property tax exemption to be applied to the “estate” of a taxpayer, rather than the taxpayer’s *real estate*. These terms are legally distinct, with the term “estate” including both real and personal property. The terms are not interchangeable, and their usage carries different administrative and legal implications. It is unclear whether this is intentional but should be clarified. Further, unlike other exemptions, the bill does not include information about whether the exemption must be adjusted by a municipality’s certified ratio, whether improper application of the exemption can be remediated through supplemental assessment, or other language typical of just value-based exemptions.

Moreover, unlike the Working Waterfront Program, which requires primary or predominant use in support of commercial fishing activities, the language in this bill does not contemplate how much access is required and could be therefore interpreted such that a taxpayer could receive an exemption for allowing only one person access to the intertidal zone via the taxpayer's property. These technical aspects should be clarified.

Shifting to other concerns, I'll note that property subject to the exemption proposed under this bill is in some situations likely already eligible for the Working Waterfront Program provided under 36 M.R.S. §§ 1131 – 1140-C. Since eligibility for these programs appears to overlap, it is unclear how the two programs are intended to interact. This should be clarified. In addition, the bill appears to create a perpetual property tax exemption, only requiring a taxpayer to provide evidence of access and eligibility at the time of initial application.

This bill also more generally impacts taxpayers and the administration of property taxation in Maine. The bill bases the just value exemption provided to eligible taxpayers on the corresponding tax amount due (\$500) to in turn be used to reduce the property tax amount due. Exemptions of this kind result in tax inequities where the effective value of the exemption will vary between similarly situated taxpayers based on their municipality's respective tax rate. In addition, this bill would create an administrative burden on municipal assessors, who would have to adjust the exemption from just value annually based on that year's tax rate.

On a similar note, there are currently no similar tax exemption programs that base the amount of just value exempted on the corresponding tax amount due. It is unclear what precedent this bill would set.

An estimate of the fiscal impact of this bill is unavailable at this time, but the bill would result in an increase in costs to the State, which would be required under the Maine Constitution to reimburse municipalities for the tax revenue lost because of the new exemption, as well as for the municipal costs to administer the new exemption. There would similarly be some additional up-front administrative costs to the State to set up and administer the reimbursement of the new exemption.

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.