

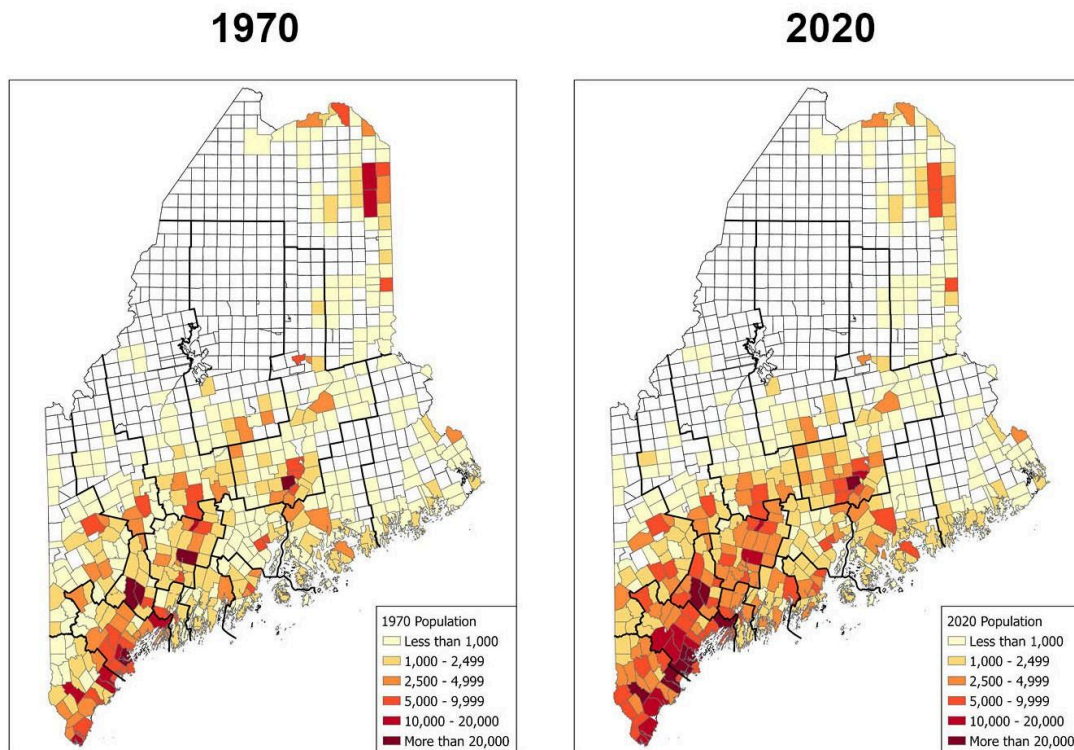
May 1, 2025

RE: Testimony in support of LD 1464, An Act to Provide for an Alternative Municipal Property Tax Assessment Rate

Dear Senator Grohoski, Representative Cloutier, and Members of the Joint Select Committee on Taxation,

My name is Abraham Dailey, I am a self-employed Planning Consultant and resident of Raymond, where I have lived for most of my life. I have a master's degree in Community Planning and Development from the Muskie School of Public Service, and I have more than a decade of experience working as a planner at the regional and state level in Maine.

I support LD 1464, which allows towns to implement a Land Value Tax, where land is assessed at a higher rate than buildings or improvements. A Land Value Tax will help municipalities solve an unforeseen problem that has been growing since Maine enacted an income tax in 1969.



In 1970 most of Maine's population and employment were in the 85 largest cities and towns in the state, but over the past 55 years many of those traditional centers have lost both population and employment to neighboring towns or outlying rural communities. The 118th Legislature established a [Task Force to Study the State's Regional Service Center Communities](#) in 1997, and they delivered a [report with recommendations](#) for reversing the decline of Maine's Service Center communities the following year.

The report found that Maine's Service Center Communities generate about 73% of the revenues to be shared and provide 100% of the municipal services required to support the businesses that produce the jobs and sales but receive only 54% of the shared revenues. The income and sales tax revenue that is produced in Service Centers is transferred to many small towns, with limited infrastructure to support development. This is good because it reduces the local property tax burden in those towns, but it also encourages people who work in Service Centers to move to outlying rural towns, where land values and property taxes are lower.

As people move to rural communities with limited infrastructure, they must build on larger lots to accommodate private wells and septic tanks in places where people are completely dependent on driving to meet their daily needs. This low density, sprawling development pattern puts more cars on the road, which imposes higher costs on the state to maintain state highways, and it also imposes higher costs on municipalities once new residents demand that rural towns provide a suburban level of service.

Service Centers also suffer, as more people commute into Service Centers every day, this contributes to congestion on state highways and local streets, and many Service Center municipalities are forced to pay for expensive transportation infrastructure that serves people who do not pay the local property tax. Service Centers are at a competitive disadvantage, because they often have higher land values and property tax burden compared to neighboring suburban or rural communities, which makes it challenging to attract new business or housing investment.

The 1998 Reviving Service Centers report recommended an Optional Split Rate Property Tax for Commercial-Industrial Properties to promote economic development in Service Centers. The Task Force recommended that the State Planning Office test the effects of an optional split rate property tax in commercial-industrial districts and report the results to the Governor and the 119th Legislature's Committees on Business and Economic Development and Taxation.

The 2000 report [Incentives to Revitalize Maine's Service Center Communities](#) found, based on the 1997 assessing data for South Portland, that factories, warehouses, and offices would save on taxes, while the burden of the tax increase would fall on vacant lands or parking lots. The results show raising taxes on lands that would otherwise sit idle may be an important local economic development tool for Maine's Service Centers.

I support LD 1464 because this will enable cities and towns to adopt an alternative municipal property tax assessment rate, which will provide a financial incentive for landowners to put vacant lands in Maine's Service Center communities to the highest and best use.

I am willing to assist the committee in any way that is helpful.

Sincerely,

Abraham Dailey
Raymond, Maine