

Testimony of GrowSmart Maine

In support of LD 1464, An Act To Provide For An Alternative Municipal Property Tax Assessment Rate

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Maine's Rural Development Council



May 1, 2025

Senator Grohoski, Representative Cloutier, and Honorable Members of the Joint Standing Committee on Taxation,

My name is Nancy Smith, I live in Ellsworth, and I am the CEO of GrowSmart Maine. We are a statewide non-partisan non-profit organization helping communities navigate change in alignment with smart growth. We advocate for comprehensive policies and funding for smart growth practices and outcomes.

We partner with Build Maine to co-host a transparent crowd-sourcing of policy proposals that has drawn together over a hundred people from across Maine and beyond. [Policy Action 2025](#) follows [Policy Action 2023](#) from the 131st Legislature. Each session we strive to meet this goal, ***“to address barriers to and create incentives for equitable, sustainable growth and development that strengthens downtowns and villages of all sizes while pulling development pressure away from productive and open natural areas.”*** LD 1464 is one of seventeen Policy Action 2025 bills.

The intent of this bill is to incentivize redevelopment of derelict, abandoned properties that conflict with municipal goals for redevelopment or at least maintaining values of these and surrounding properties. The mechanism is to allow (not require) municipalities to use an alternative method of assessing real property for taxation purposes, with different tax rates for land vs. buildings or other improvements. The inherent value of the land would be recognized, distinct from the current value or condition of structures.

We've made it cheap and easy for absentee owners to mothball derelict properties rather than redevelop or sell them to someone who will!

Land within a village center, a downtown, or an urban core is inherently more valuable than land in outlying areas because of its desirable location for development. When these properties are occupied by abandoned buildings and structures, it is a missed opportunity for revitalization efforts, and it draws down values of surrounding properties as well.

We can all picture sections of a downtown where buildings have been abandoned. Often, there is an absentee mortgage holder or property owner with little concern for the impact of their decision to delay the sale or redevelopment of the property.

Amendments are needed:

The bill as written does not reflect the goal to focus on designated growth areas and areas with adequate sewer and water infrastructure to support redevelopment, nor the goal to focus on commercial and industrial properties. The bill needs this clarity to avoid unintended consequences of incentivizing development on high value farmland or of being used with owner-occupied residential properties.

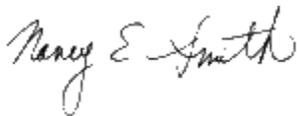
There could be a one year advance notification on implementation so that property owners will have time to take action if they choose to.

Another addition to this bill might be a definition of the term “derelict,” since it appears there is not currently a statutory definition, though I did find this reference:

The term "derelict" generally implies a state of being abandoned, neglected, or in disrepair. In Maine, the term is used in the context of abandoned and derelict vessels in harbors, as addressed in Me. Rev. Stat. tit. 38, § 9

Finally, we know there are concerns about the constitutionality of this proposal, and believe the only way a clear determination will be achieved is when a town uses the provisions of this bill to address their problems with derelict and abandoned commercial and industrial structures.

GrowSmart Maine is willing to assist the committee in any way that is helpful in passage of this bill.

A handwritten signature in cursive script that reads "Nancy E. Smith". The signature is written in dark ink and is positioned at the bottom left of the page.