

**TESTIMONY OF  
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DEPARTMENT OF ADMINISTRATIVE AND FINANCIAL SERVICES**

Before the Joint Standing Committee on Taxation  
Hearing Date: *May 6, 2025*

LD 1852 – *“An Act to Promote Equitable Property Taxation by Reducing  
Valuation Based on Nearby Clean Energy Projects”*

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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 1852, *“An Act to Promote Equitable Property Taxation by Reducing Valuation Based on Nearby Clean Energy Projects.”*

LD 1852 would direct assessors to reduce the valuation of real property proximate to certain energy developments in determining “just value.” There are important aspects – both technical and constitutional – of this proposal that warrant the Committee’s caution in considering the bill. First, it should be noted that the valuation and assessment process used by assessors already inherently reflects any reductions (or increases) in just value associated with, for example, a property abutting a solar or wind farm. However, because value for similar properties varies from municipality to municipality, any reduction (or increase) in value must be justified with cost, sales comparison, or income data, a process that is already occurring across the State. A per-se statutory required reduction in value – if that is what is intended by LD 1852 – may not be justified by the data or appropriate in all circumstances. Furthermore, the bill does not provide any guidance regarding

the extent to which the value of a property that abuts a solar or wind farm must be reduced. This should be clarified.

In terms of broader legal concerns, the proposed reduction in the bill raises concerns under Art. IX, § 8 of Maine's Constitution, which requires that all property be apportioned and assessed equally in accordance with just value.

Finally, this bill will create an administrative burden for municipal assessors, who will have to determine the value of the proposed reduction without statutory guidance.

As the Committee considers this bill, we suggest consideration be given to treating the bill's broader policy purposes as encompassed within the broader study of property tax matters proposed in this Session.

The fiscal impacts of this bill are unclear without further clarification. An estimate of the administrative impacts of this bill is not available at this time, but the bill will result in increased administrative, programming, and personnel costs.

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.