

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

Before the Joint Standing Committee on Housing and Economic Development  
Hearing Date: *March 5<sup>th</sup>, 2026*

LD 2216 – *“An Act to Establish the Maine Blue Economy Center”*

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Senator Curry, Representative Gere, and members of the Housing and Economic Development 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 Neither For Nor Against LD 2216, *“An Act to Establish the Maine Blue Economy Center.”*

This analysis is limited to the bill as it affects Maine Revenue Services and taxation under Title 36 MRSA. LD 2216 establishes the Maine Blue Economy Center as a specially defined public instrumentality to serve as the central entity and coordinating organization for blue economy sector initiatives on behalf of the State, with the intent to leverage and expand the State’s blue economy sector. The bill appropriates \$1,000,000 in one-time funds in fiscal year 2026-27 for the center’s start-up costs.

The bill is introduced by report of the Joint Standing Committee on Housing and Economic Development pursuant to Resolve 2025, chapter 114, which established a 23-member Blue Economy Task Force, with 19 of the members appointed by the Commissioner of DECD.

While there are no provisions in the bill that expressly fall within the tax provisions of Title 36, there are several provisions of the bill, as drafted, that create uncertainty as to the tax status of the Center, its properties, and corresponding

Fund. For example, the bill has two provisions regarding payments in lieu of taxes, and a broad exemption from levy, execution, and sale. Further, the bill provides that:

The Maine Blue Economy Center is established as a body corporate and politic and a public instrumentality of the State, exercising public and essential governmental functions. The center is an independent legal entity and is not a department, agency or instrumentality of State Government for purposes of administrative law or budgeting, and the debts, liabilities and obligations of the center are not debts, liabilities or obligations of the State.

The scope of the limitation – “instrumentality of State Government for purposes of administrative law or budgeting” – is unclear, creating uncertainty as to the Maine Blue Economy Center’s intended tax status. Should the bill, as drafted, become law, this uncertainty could affect the intended purposes of the bill.

The bill appears to be modeled in large part on the Maine Space Corporation Act, 5 MRSA c.393, which was originally enacted into law by P.L. 2021, c.631. The original enactment left ambiguity regarding the tax status of the Maine Space Corporation, and that uncertainty was clarified last Session by P.L. 2025, c.258, “An Act to Amend the Laws Governing the Maine Space Corporation” (LD 1863).

While the present bill, LD 2216, includes for the Maine Blue Economy Center some of the clarification approach used with respect to the amendments to the Maine Space Corporation Act, it nevertheless leaves the tax status unclear.

The Administration strongly recommends that the Committee clarify the intended tax status of the Maine Blue Economy Center and ensure that the language matches this intent. Maine Revenue Services is prepared to work with the Committee Analyst to address these concerns.

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