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Testimony of Rep. Marc Malon introducing

LD 1464, An Act to Provide for an Alternative Municipal Property Tax Assessment Rate

Before the Joint Standing Committee on Taxation

Senator Grohoski, Representative Cloutier, and honorable members of the Joint Standing Committee on Taxation: I am Marc Malon, and I represent House District 133, which is part of the great City of Biddeford. I am here today to present my bill, **LD 1464, An Act to Provide for an Alternative Municipal Property Tax Assessment Rate.**

This committee and the entire Legislature have been actively working to figure out ways to make property taxation more fair for Mainers, and more beneficial for our communities. One problem that has been identified by folks across the state is that municipalities do not have enough flexibility to assess real property in a manner that lowers the burden on working families and seniors, and which incentivizes municipal planning and development.

LD 1464 would give municipalities the option to use an alternative method of assessment by allowing an assessor to impose a different rate of taxation on land and any improvements to that land. The idea behind this is similar to a concept commonly called a “Land Value Tax.”

The core problem this seeks to solve is the dynamic through which out-of-state property owners (either individuals or private equity firms) have little incentive to improve the land and/or buildings they own because doing so would raise the value of the property and cause them to owe more in property taxes.

I also want to be clear about what I do not want this bill to do: It should not target low-income homeowners and/or seniors on fixed incomes and it should not interfere with or create incentives to develop valuable farmland.

This is why this bill would benefit from amendments to add parameters to the language as drafted. These changes should include the following:

- 1) Language limiting the scope to designated growth areas and/or properties with sufficient public water and sewer.
- 2) Language exempting owner-occupied buildings.

Additionally, the committee might want to consider narrowing the scope of the bill to commercial and industrial properties.

There are individuals testifying today who have more detailed knowledge of the subject matter than I do. The main reason I introduced this is because we need to have a conversation about how we reform property taxation in Maine so that it works for Mainers and for our communities. The committee has a great deal to consider, and I look forward to following your conversation.

Thank you for your time and consideration.