

Report from Maine

by Edward Burke

Mr. Burke, a longtime HGI member and stalwart writer of letters-to-editors from Orland, Maine, contributes these notes:

The Maine Yankee nuclear power plant has provided a large portion of the property tax revenue in the town of Wiscasset, Maine, for over two decades. But now that the plant has been taken off line, the assessment of the improvement value of the decommissioned plant will, of course, plummet — and so the taxpayers of Wiscasset can expect a “more normal” property tax burden from now on.

Had Wiscasset been wise enough to exempt improvements from taxation, and collect its revenue from land rents, the town would have benefitted from “more normal” value relations all during the life of the Maine Yankee plant. Residents of Wiscasset would have had to pay their fair share and no more.

Wiscasset is not alone in its plight; indeed many towns in Maine, and throughout New England, have faced the shut-downs of local industrial mainstays, which had borne inordinate shares of the local property-tax burden — as well as providing many jobs. One local example is the town of Bucksport, with its Champion paper mill.

Recently the Maine state legislature passed a homestead exemption. Resident homeowners will now be given a property tax exemption on the assessed value of their houses. The exemption will begin at around \$7,000 — but will vary each year with the state's need for revenue. The Assessors of the town of Orland believe that the \$7,000 figure was chosen as a politically possible figure and that the exemption could rise considerably. Indeed, Idaho's homestead exemption has climbed to nearly \$50,000 per year, as reported in *Incentive Taxation* (March '98). However, this news is not as good as it sounds. Revenue shortfalls from the rebates on building taxes will be made up from the state's general tax revenues. In other words, the homestead exemption replaces a tax on buildings with taxes on income and sales. — Edward Burke

It seems that Georgists have a tremendous opportunity to make a difference in towns like these!

On the topic of Georgist outreach potential in Maine, Josh Vincent of the Henry George Foundation adds:

As a matter of fact, I think that Maine is more fertile ground for our activist efforts than we would think. We've managed to persuade one corner of Maine — the State Department of Planning —

that site value is good. They've called for SVT legislation as part of their anti-sprawl “Revive the Towns” program.

The idea of “Service Centers” to be perpetuated by SVT is no doubt hanging by a thread. Later this summer, I'm heading up there to do a pitch. We'll have done the necessary studies of a few representative towns by that point, and I believe that the numbers will look good. Instead of the usual two-rate approach, we'll be correlating land value to infrastructure construction and maintenance. We hope they will be energized by the notion that future growth can go into the areas that are already served by infrastructure — and that so much of current exurban growth is the result of stupid tax policy!