

*News of Maine's Coast and Islands*

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# A coastal conundrum—taxes or tourism?

**CONSERVED LANDS MAY DRAW RECREATIONAL USE, BUT REDUCE TAX ROLLS**

*August 13, 2019*

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**POSTED AUGUST 13, 2019**

**LAST MODIFIED AUGUST 14, 2019**

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Acadia National Park broke records this summer when more than 35,000 people visited on a single day. The increased traffic led to near-constant road and parking lot closures and, according to the National Park Service, an unprecedented number of emergencies.

In just ten years, Acadia's visitation has grown by 59 percent, a trend which has led one nonprofit to offer Downeast tourists an alternative destination—Lubec.

“Our hope is that we will attract visitors who go to Acadia and want a slightly different experience,” said Carl Carlson, “a place that’s more remote, more rural, where you’re not in the crowds but you still have the beauty of nature.”

Carlson is chief operating office for the Butler Conservation Fund Inc. (BCF), the nonprofit constructing an outdoor recreation area on Lubec's coast which will be known as Red Point Park.

When construction is complete, Red Point Park will be open to the public free of charge, with amenities like screened picnic pavilions overlooking Cobscook Bay, bathrooms, ocean entry points for kayakers, and wide trails in a style familiar to fans of Acadia National Park.

“They’re going to be in the vein of the Acadia carriage roads,” said Carlson. “You could use a hybrid mountain bike on them, or you could even push a baby carriage on them.” BCF is also working with the Maine Department of Transportation to create bike lanes along Route 189 in Lubec.

“Our hope is to be able to connect all the different necks of Cobscook Bay via bike lanes,” said Carlson.

BCF is the creation of New York philanthropist Gilbert Butler who, at the end of his career in the private equity business, dedicated 80 percent of his company’s assets to the creation of an environmental conservation fund. As of 2015, the fund is worth more than \$130 million.

“This is important for Mr. Butler. He’s spent all his summers, for almost his entire life, in Maine,” said Carlson. “He’s trying to build a legacy for the future. It means a lot to him to be able to do this.”

In addition to BCF’s physical investments in Lubec and other regions, it runs free outdoor education programs for Downeast students, teaching them kayaking and biking. BCF helped repave the Lubec basketball court, improved waterfront access for clambers through one of its properties, and donated funding to Lubec’s airport upgrade.

Even so, news of Red Point Park met with mixed reviews this spring when Lubec residents learned BCF filed for 100 percent tax-exempt status, its legal right as a 501(c)(3) nonprofit.

“You’re talking about a population where the mean age is 68 years old,” said Jim Clark, tax assessor for Lubec. “There’s not a lot of bikers in there, not a lot of kayakers in there.”

Clark calculates BCF’s Lubec holdings at an assessed value of more than \$2.3 million, which would normally bring the town \$53,000 in tax payments if the land were privately owned. In order to recoup those lost tax dollars, Lubec now needs to find more than \$2 million in new, taxable development, or else raise property taxes on the locals.

“We recognize the importance of conservation and we recognize the importance of public access property. We know that it draws people here,” said Lubec Town Clerk Renee Gray. “But in the end, none of that matters if the town can’t pay its bills. We’ve already lost our local police department,

we've lost our high school, we have no nursing home now. Things are just dropping off as a result of high property taxes."

In response to Red Point's tax status, one local business changed its sign to read, "A real philanthropist pays his property taxes." Dana Bradley said he put up the comment because he's upset about the increased tax burden Red Point will mean for residents.

"The cost for this park is falling back on widows, and on old-age pensioners, and on retired veterans, and Lubec is loaded with those people," said Bradley. "When someone comes in here with a whole pile of money, they should set up an endowment that would generate some interest to help compensate for the loss of taxes."

## TOO MUCH CONSERVATION?

Red Point might be the most recent tax-exempt land to stir controversy, but with more than 23 percent of Washington County in some form of conservation, it is far from the first. In response, Downeast stakeholders are coming together in new ways to understand and address the heart of the problem of decreasing municipal revenues.

Judy East, executive director of the Washington County Council of Governments, says a first step is to stop blaming land trusts for the problem.

"It's (also tax exempt) state land, it's federal land, it's current use and it's revenue sharing," she says of the nontaxable property. "The problem has to do with tax reimbursement policy at its core."

Jim Clark agrees.

"When folks began to discuss these things, their first inclination is to rail against the land trusts and the tax exempt organizations, because those are the things they see," said Clark. "They don't really understand all the different factors that put so much pressure on taxpayers."

One such pressure point is the matter of reduced revenue sharing, a state program originally designed to stabilize property taxes by returning 5 percent of state tax revenue to its towns. But revenue sharing has not been funded above 3 percent in almost a decade due to state budget cuts, leaving towns scrambling to find ways to make up the difference.

In 2017-18 Lubec received a state revenue sharing payment of almost \$62,000, when the program was funded at 2 percent. If the state had funded the full 5 percent recommended in statute, Lubec would have received \$155,000.

“So it’s the tax laws that are a big part of the issue here. It’s not about blaming the land trusts or a particular landowner,” said East, noting that the size of tax breaks vary, but the vast majority of land trusts do make some payments to municipalities in lieu of taxes.

East’s organization works with the Downeast Conservation Network, an organization comprised of conservation nonprofits which works with local governments and educational institutions like the University of Maine at Machias. The college’s Dr. Tora Johnson, a sociologist often called on to provide local data, said the issues facing Washington County towns also are affecting rural communities nationwide.

“As a nation, we need our rural areas to conserve endangered resources, and to maintain working forests, and to maintain access to recreational lands,” said Johnson. “But we also need people living there in rural communities, to make those benefits accrue to the rest of the state, and the rest of the nation. And we’re not taking care of our rural communities.”

East and Johnson are both members of a data working group which has set a goal of understanding the issues around land conservation and municipal budgets.

“There’s certainly benefit from conserved land, and the debate over how much is enough is something we need to have, too. There are some towns where there may be too much land in conservation,” said East, who sees Downeast towns wishing for a chance to weigh in before large tracts of land leave the tax rolls.

The core issue, she says, is that some of the poorest communities in Maine are shouldering the costs for assets enjoyed by the entire state, including its tourists.

“Yes, we are building a tourism economy, and yes, there will be some benefit there,” said East. “But it is long term and diffuse, and it is not making up the difference for these immediate, large losses to municipalities.”

One possible solution could come in the form of state legislation. Sen. Marianne Moore, R-Calais, has submitted a bill for the upcoming legislative session titled “An Act to Assist Municipalities in Providing Additional Property Tax Relief Where Land is Removed From Tax Rolls.”

“With this bill, the municipality would have some control over the purse strings,” said Moore “If need be, they could charge up to 50 percent of taxes on the assessed value.” The bill’s language is still being drafted.

To address shortfalls in payments from the U.S. government for federal lands, a group of Maine land trusts, the Washington County Council of Governments, and the town of Milbridge recently sent appeals to Maine’s congressional delegation asking it to work to provide \$50 million for the National Wildlife Refuge Fund for the next fiscal year “to ensure local communities receive proper compensation in compliance with the Refuge Revenue Sharing Program.”

Washington County is home to Moosehorn National Wildlife Refuge on its eastern edge and the Maine Coastal Islands National Wildlife Refuge in Milbridge, where this year the federal government paid the town \$7,148 in lieu of property taxes. The town would have received more than \$94,000 if the land were owned by businesses or individuals.

Such support for municipalities could be key to solving the problem, said East.

“Blaming individual land trusts and name calling is not going to get us anywhere,” she said. “They can be the allies of these municipalities, and they are prepared to be. And if they are our allies, they have statewide membership, and they have statewide donors, and they have access to statewide legislators,” said East. “That’s a really powerful relationship.”