Working Waterfront Preservation: Opportunities and Challenges Posed by Tax Policy

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National Working Waterfronts and Waterways Symposium
Need for Cooperative Tools

All info available at
www.accessingthemaine.coast.com
Adaptable Model

On the way in Texas and Nova Scotia, CA
Highest & best use tax policy = conversion of WWF

Can tax policy be used to promo WWF preservation? = legal research
Overview

- Tax-based tools rooted in existing federal, state, or municipal tax provisions – can be used for WWF preservation
  - some already are
  - others could be
- Coord policies among authorities = synergy to improve success
- Majority tools evaluated for use in Maine = transferable to US coastal & GL states
Traditional
- Reduce taxes on desired uses
- Increase taxes on undesirable uses
- Raise revenues to invest in WWF

Innovative
- Institute federal income tax deduction for charitable donation of WWF land
Provide tax relief: incentives for WWF land owners to promo desired uses – or conversely raise taxes for undesired uses

- Reduce taxes - property tax, income tax, estate tax, capital gains tax
- Apply current use taxation - land is taxed on value as currently used, rather than on value of highest & best use

Incentives & Disincentives
Taxes as means to raise funds to acquire access, preserve WWF
- land gains tax, RE transfer tax, impact fees, tax increment financing

Generate Funding
Tax Funding for Land Banking

- Land banking = purchase, holding of conservation land by nonprofit land trust, state or municipality
  - through PDR or TDR
  - funded by RE trans tax, bond financing

Case Study: Priorities for Maine
State Property Tax Relief

- Property tax reductions by
  - current use taxation
  - or property tax abatement

Federal and State Income Tax Incentives

- Incentive to promote public policy (e.g. preservation of working lands)
  - through income tax exemptions, credits or deductions

Case Study: Priorities for Maine
Federal Income Tax incentive

To qualify as charitable deduction, must meet requirements of a “qualified conservation contribution” to qualifying charities.

Preservation of land as working waterfront not currently a recognized public benefit under this definition.
Determine whether non-profit working waterfront organizations are qualifying charities for purposes of deduction.

To begin:
- research related past IRS rulings
- then seek on-point IRS ruling.
- Finding informs further action (e.g. pursuing Internal Revenue Code amendment – model language)

What to do??
Info available at
www.accessingthemainecraftast.com

Is Transferable
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