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Message of Percival P. Baxter, Governor of Maine, on Maine's Tax Exemption Law : Sent to the House of Representatives, March 16, 1923

Percival P. Baxter

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MESSAGE
OF
PERCIVAL P. BAXTER

Governor of Maine

ON

MAINE'S TAX EXEMPTION LAW

SENT TO THE
HOUSE OF REPRESENTATIVES

MARCH 16, 1923



House of Representatives, March 16, 1923.

On motion of Mr. Gardiner of Gardiner was referred to Committee on Taxation and two thousand copies ordered printed. Sent up for concurrence.

CLYDE R. CHAPMAN, Clerk.

STATE OF MAINE
OFFICE OF THE GOVERNOR
AUGUSTA

March fifteenth, 1923.

*To the Honorable Senate and House of Representatives of the
Eighty-first Legislature:*

Several bills have been introduced during the present session of the legislature to change our tax exemption laws. These bills have drawn attention to the unsatisfactory status of the laws now governing this subject. Chapter ten, section six, of the revised statutes, as amended, gives in detail the several classes of property that are relieved by law from bearing their proper share of the tax burden.

Fundamentally all the property within the state equally should pay taxes and no class of property should be allowed to reap an unfair advantage through tax exemption. From time to time legislatures have extended the tax exemption privilege until at present, in the sections of the statutes above referred to, there are thirteen separate paragraphs in which are enumerated more than forty different classes of property that are tax free by law.

In this message I am not discussing property lawfully taxable but which escapes taxation, but am confining myself to property that is lawfully exempt from all tax assessments.

A study of our tax exemption laws indicates that they are not based upon any fundamental principle but are the result of slow and unregulated growth where each new exemption was added to relieve some special class of property from taxation. Today these laws are ill balanced and unfair. Without doubt abuses have crept into their administration so that property of great value that should be taxed is now relieved from this burden. These laws need to be revised by unbiased men with a state-wide vision.

If at the present time accurate figures could be obtained to show the amount of tax exempt property in the state, some constructive action might be taken by the present legislature. It is a fact, however, that no such tabulation ever has been made, and while some local boards of assessors have uncompleted lists of tax exempt property more or less accurate, other boards have no lists whatsoever. More attention has been given this matter in the cities where valuations run into larger figures than in smaller communities but I am of the opinion that the total amount of property in Maine tax exempt by law is larger than many citizens believe.

As an example of conditions, I call to your attention the fact that the city of Portland with a valuation of \$100,954,725, has not less than \$9,244,350 of property wholly exempt by law from taxation. This total is figured upon a low valuation and I believe that \$12,000,000 would more nearly represent the actual value of the property in question. This does not include many millions of dollars represented by mortgages, none of which are taxable. Moreover in this figure probably all the tax exempt property is not included. Compared with the

population of Portland the cities of Bangor and Lewiston are in about the same situation and other cities and towns probably are in a similar position. It is very plain that whatever property is made tax exempt, the tax burdens of the property that is not so favored is proportionately increased.

I call to your attention the fact that according to careful estimates live stock to the value of \$3,000,000 is exempted from taxation; the exempted property of soldiers and sailors represents an equal amount, and so on through a list of forty or more items. The state valuation is \$672,767,742 and at a conservative estimate \$500,000,000 of property is exempted by law under chapter ten, section six, of our revised statutes.

These exemptions need revision and some underlying principle should be discovered on which tax exemption should rest. It may be that some exemptions should be done away with altogether. Perhaps some limit should be placed upon the amount of property exempted in certain of the classes referred to. A regrouping also may be desirable. This matter should be looked into by broad minded men, uninfluenced by political ambitions or selfish motives.

I have thought of advocating the appointment of a recess committee of the legislature, as has been suggested by the legislative committee to which you referred the report of the board of state assessors. My experience, however, with the work of such committees is not altogether encouraging, for although in the past they have devoted a great deal of time to the study of the subjects placed in their charge, legislatures seldom have adopted any of their suggestions. Nor do I advocate the appointment of a permanent board or commission.

The statistics required must be collected from 520 cities and towns, and as these will need to be tabulated and audited, I am of the opinion that the chairman of the board of state assessors and the state auditor should form the nucleus of whatever committee is created to undertake this work. In addition to these state officials, who would serve ex-officio, I believe it would be desirable for the governor to appoint not more than three citizens of the state, thoroughly qualified for the work, who would undertake it as a public duty, without receiving compensation for their services.

If such a committee is formed I believe that the next legislature will have before it the information it needs to form a definite policy in regard to the future of our tax exemption laws.

A reasonable sum should be appropriated to cover the expenses of this board. I bring this to your attention and ask your serious consideration, for the time has arrived when this tax exemption problem should be studied with great care.

Respectfully submitted,

A handwritten signature in black ink, reading "Charles P. Baxter". The signature is written in a cursive style with a horizontal line extending from the end of the name.

Governor of Maine.

