

**Maine Islands Coalition
February 4, 2005
10:00 a.m.-2:00 p.m.
Island Institute**

Present

Rep. Hannah Pingree	Maine State Representative for District 36
Roger Berle, Chairman	Island Representative, Cliff Island
Doug Boynton	Island Representative, Monhegan
Malcolm Donald	Island Representative, Cranberry Isles
Mark Greene	Island Representative, Town of Long Island
Grayson Hartley	Island Representative, Islesboro
David Jermann	Island Representative, North Haven
Dexter Lee	Island Representative, Swan's Island
Eva Murray	Island Representative, Matinicus
Marjorie E. Stratton	Island Representative, Vinalhaven
Betsy Weber	Island Representative, Great Diamond
Alden Finney	Great Diamond Island
Joanne Whitehead	Islesboro
Garrett Martin	Genesis Community Loan Fund
John Moriarty	RCAP Solutions (Resources for Communities & People)
Dana Leath	Island Institute
Kathy Westra	Island Institute
Cyrus Moulton	Island Institute
Alyson Mayo	Island Institute

Teleconference

Charles Enders Peaks Island

I. Approve minutes from Nov. 12, 2004 meeting

Coalition members discussed the process for approving minutes. Dana will send draft minutes out via email for review. Island reps will respond within one week with any comments or corrections. Dana will compile edits and then email out the finalized minutes so they can be shared and distributed. Finalized minutes will also be posted on the web at <http://www.islandinstitute.org/islandscoalition>

Motion: Move to accept minutes from the November 12, 2004 meeting. All in favor.

II. Review Agenda

Roger Berle reviewed the meeting agenda and introduced the new meeting format. At each meeting, the Coalition will spend part of the meeting focused on one key island issue, inviting guests to speak on the issue. The focus of this meeting is property taxes. While action has already been taken in the legislature, more still needs to be done. The ability for island residents to pay their property taxes is crucial to the survival of year round island communities.

III. Island Issue Focus: Tax Discussion

A. Tax Reform Package

Hannah Pingree gave an overview of the recently passed tax reform package, commenting that the legislature doesn't plan to spend much more time on major tax issues this session and that there is little that can be changed at this point. Some aspects of the property tax package still remain undecided.

Pingree handed out copies of "Office of the Speaker of the House Property Tax Package Details" dated January 14, 2005.

1. Circuit Breaker Program

For the circuit breaker program, eligibility expanded to include individual income levels up to the \$75,000 and household income levels up to \$100,000. Additionally, the circuit breaker benefit doubled from \$1000 to \$2000. Maine residents should know about this program and understand that it is a rebate program, not charity. The Circuit Breaker Program is intended for those paying too much of their income in property taxes, giving relief to those who need it most, such as residents of coastal and island towns.

Pingree commented that in the early 1990's, the Circuit Breaker rebate was \$3000. During the 1990-92 budget crisis, the Circuit Breaker rebate decreased, and the rebate is now gradually increasing.

Charles Enders commented that the Circuit Breaker program still does not help island communities where, often, more than 6% of a resident's household income is going towards property taxes. Additionally, the program does not account for inflation or the appreciation of properties.

Pingree would prefer the Circuit Breaker program to have a cap with nobody paying over 5% of their household income for property taxes. The philosophy around property taxes is that if people are paying less than 5% in taxes, they can probably afford to keep their homes. Residents paying more than 5% are the people that need tax relief. Pingree added that people need to keep lobbying, but she hopes the new Circuit Breaker program helps.

2. Homestead Exemption

The homestead exemption increased from \$7000 to \$13,000 for all Maine residents. Depending on mil rate, people can save from \$70-\$2000. The program does not make much of a difference in island communities with low mil rates.

3. Constitutional Amendments

Pingree said that the only constitutional amendment that is sure to pass is "current use taxation for the working waterfront." It already passed unanimously in the House.

LD 2, a proposed constitutional amendment to limit the taxable value of homestead properties, is on the edge. It passed the Maine House but failed to pass the Maine Senate by two votes. LD 2 is still under debate in the Senate and is a means to provide needed tax relief to year-round island residents. Rep. Pingree urged the Coalition to lobby their elected State representatives to support this bill, particularly Sen. Ethan Strimling, Sen. Karl Turner and Sen. Christine Savage who represent islands and voted against LD 2.

Charles Enders posed the question, "If we don't start now, when and how do we control valuation increases?" LD 2 is the only way available now. Mark Greene commented that property tax is the one unpredictable wildcard when someone buys a house on the coast. The magnitude of the increase is scary. With LD 2, at least someone would know the cost.

Charles Enders asked if LD 2 could really be relied on to address all issues. LD 2 works for those who already owned homes. Enders sees the need for a robust homestead program and an affordable housing program. Both are needed in order to retain island residents and to encourage younger people to settle in the community. Multiple mechanisms are needed. David Jermann added that the affordable housing issue is not just building affordable houses—it's also the taxes.

Motion: The Maine Island Coalition voted to support LD 2 as a tax reform measure to support island communities. All in favor.

Action Item: Lobby Sen. Strimling, Sen. Turner and Sen. Savage to support LD2.

4. Applying for Circuit Breaker and Homestead Exemption programs

David Jermann inquired if residents have to apply for the Circuit Breaker and Homestead Exemption. Pingree responded that people apply once for the Homestead Exemption and then receive it automatically each year, but for the Circuit Breaker must be applied for every year. Pingree hopes a bill will be in this year to place the Circuit Breaker on tax forms. In the past, the Circuit Breaker application deadline was December 31st, but it was recently extended to April.

Grayson Hartley commented that part of the problem with tax relief is that people who qualify do not understand the programs. Some people need help filling out forms. Rep. Pingree shared that the circuit breaker program is underutilized and that only half of the eligible residents file for the benefit each year. Residents in some towns utilize the programs more than other towns. 90% of Mainerers are applicable for some type of Circuit Breaker rebate. Maine residents apply for it on last year's taxes and receive the rebate in the next year. Pingree commented that an education campaign to tell islanders about tax relief they can receive is important.

Action Item: Coalition representatives expressed interest in educational efforts to ensure that all island residents who qualify for the circuit breaker program, are informed about the program and, if needed, have assistance to help complete the paperwork.

5. Spending Caps

Pingree stated that the legislature needs to slow the growth of budgets, so the tax relief package has provisions to put caps on every level of government. An exception is that almost any one cap can be overridden by a vote by the town or at a school budget meeting. All provisions have not been worked out on the jail cap.

B. Discussion

Eva Murray asked if the legislature has considered using different tax structures for primary homes versus second homes. Pingree responded that the legislature tried to allow multiple mil rates and to put second homes 20% higher, but it failed miserably. She said that Mainerers own 60% of second homes in Maine. However, homes valued under \$1,000,000 could be exempted so that no Mainer with a camp would be taxed at the increased rate. The fear of losing camps caused this to fail in the legislature.

Pingree reported that the local option homestead is probably dead this year, but it is still a good idea. People along the coast, in Washington County, and near Moosehead Lake see that it is necessary. Fifty of the legislators have seen the need for it, but one hundred have not, so it died.

Doug Boynton asked if there could be a bill for islands only. Pingree said that in order for this to happen, the state constitution would need to be changed (requiring 2/3 of the legislature to vote for it). The state constitution states that everyone must be taxed the same. Every constitutional amendment also goes to a statewide vote.

Roger Berle asked Pingree about what would be in the next legislative session. Pingree replied that if LD 2 fails, the legislature will spend next session trying to pass it. Since the legislature is only a couple votes away right now, we need to push for LD2 now. Once a

bill fails, it is put back in committee so that it doesn't die. It can be carried to a second session, but when there is a new legislature, it dies.

Doug Boynton asked the group if there was a way to monitor state legislators to see how island-friendly their votes are and if this would be useful information. Coalition members responded positively to the idea. Boynton also asked if there was a way to increase the awareness of islanders as to how their representatives vote. Most people don't know and on issues where a little public pressure is crucial, such knowledge could help make a difference. Pingree reinforced the importance of the Coalition taking position on legislative issues, or collectively designate issues as important, and then using newspapers (particularly the *Working Waterfront* since it goes to islanders) to communicate with islanders and to lobby on bills.

Action Item: Develop a mechanism to keep island residents informed of how their elected state representatives are voting, so they know when to make calls to request support for beneficial legislation, and when to make calls thank reps for their support.

Action Item: Advocate for island issues in the newspaper using the Maine Island Coalition's identity.

C. Education Funding

Rep. Pingree reported to the Coalition that the Essential Programs and Services (EPS) formula for educational funding is still under development. The State is increasing school funding to 55% of total education spending in Maine, not 55% of every town's education spending. This increase will take place over four years. The state is paying 100% of special education for all towns, though schools can only classify 15% of the school population as special education. While island schools will receive more funding for special education, EPS does not take into account the cost of operating small schools, a cause for concern among small, rural communities. There is an adjustment for isolated small schools, though it is nothing significant. With the high property valuations in island and coastal communities, schools in these areas will see a drop in educational funding.

D. Real Estate Transfer Tax

Rep. Pingree and Rep. Chris Rector have a new land bank bill in (for land conservation), and that she and Rep. Ted Koffman have a bill in for a 1% real estate tax on land over \$500,000-\$1,000,000 (for affordable housing or open space). Real estate lobbyists do not like the real estate transfer tax, even when it is only on \$1,000,000+ residential properties.

Doug Boynton asked if it would be more palatable to real estate lobbyists if the tax money collected went to other things that they're interested in. Pingree responded that real estate lobbyists do not support it even with money going to affordable housing. Currently, there is a small tax on every real estate transaction that goes to affordable housing. Boynton asked about natural allies for affordable housing. Pingree replied, the Coalition, coastal communities, and places with workforce housing. For example, Jackson Lab employees cannot even live near where they work. Boynton asked about getting affordable housing groups in the state involved and Pingree agreed that this is a good idea.

Charles Enders asked Pingree what people can do to counter the real estate community's effort to oppose a real estate transfer tax. She responded that people need to show up and testify at public hearings.

Grayson Hartley made a comment about the real estate transfer tax and finding a way for more of the generated money to stay with the county. Pingree replied that she doesn't

know if county received any of the money. The county receives a small percentage, but most tax money goes to the state. There is support to design the program so most of the money goes directly to the town.

Action Item: Rep. Pingree asked the Maine Islands Coalition to lobby in support of bills proposed this session to establish a local real estate transfer tax to generate revenues for open space and affordable housing.

E. County Discussion

Eva Murray commented that the population on Matinicus is angry and feels that Knox County picks its pockets because the island doesn't receive any services. She asked if other islands had the same feeling, or if it was just because Matinicus is so far away. Doug Boynton replied that Monhegan receives nothing from the county and that Matinicus and Monhegan are in similar situations. Murray said that if people on Matinicus felt that they were getting something for their money, it would be less of a bitter pill. She asked if the county assessment was based on valuation. Dexter Lee responded that it is based on valuation and not on the level of services towns receive from the county.

Mark Greene shared that he finds the county of great value. The Town of Long Island pays for a sheriff only when they have one on the island full time in the summer. In the off season, if the town calls the county because they need a sheriff, they'll eventually get one. He feels they have some level of satisfaction. Grayson Hartley commented that Islesboro has a deputy sheriff every day in the summer and a part-time officer out of Waldo County, but the town has to really go after the county to receive this. From his experience, if you can make a case, the county will provide for the island. Dexter Lee stated that Swan's is more satisfied with its county services than MDI.

Eva Murray added that Matinicus does send its fair share of people to the county jail, and that the county was responsive when the island was going to lose its air service. Grayson Hartley responded that, with regard to the jail, each island has as much use of probate and county services as other towns, but islanders just don't know this. He feels that many communities do not understand the role of the county.

Mark Greene asked why the governor, who was forceful in his ideas of consolidating many services, didn't look into consolidating the whole prison system. Grayson Hartley, who has experience working with the county, is chair of the Jail Committee in Waldo County, commented that there is a meeting next Tuesday with the Knox County jail and that they will look at it in terms of what services they can provide in one county that can cover another. The jail committees will look to share services as a regional approach in county services. Hartley said he sees the problem as the need to reform county government. People need to ask what function the county government can provide. What can be covered elsewhere? People need to look at levels of government and duplication of services in order to decrease property taxes. He was surprised that the governor talked about regionalization, but never talked about it in terms of counties.

Charles Enders shared that examples exist around the country on how to alter county budgets. He said that New Jersey shifted many local services to the county and saved local government lots of money.

IV. Organization and Communication Discussion

Dana Leath commented that the Islands Coalition is now entering its second year of existence. As the staff member supporting the group, she often receives questions about how the group functions. She stated that it would be helpful to begin to further define the structure of the coalition and develop basic protocols. Developing an organization structure would help to create a lasting organization able to effectively work on island issues.

Suggestions included adopting bylaws, developing a letterhead, writing a description of the island representative's role/responsibilities, developing a one page description of the coalition and it's work, establishing protocols for subcommittees, and setting meeting dates for the rest of the year. Questions posed to the group about leadership included: Should the coalition appoint a vice-chair to help provide leadership for the group when the chair is unavailable? Do leadership roles rotate? How long is the term for the chair position?

Roger Berle commented about the need to delegate responsibilities to subcommittees. From his experience with similar organizations, the real work gets done in smaller groups. Charles Enders mentioned that a schedule would be useful for managing work duties and using people's time more effectively.

These organizational issues can be addressed by a subcommittee. By spending a little time at each meeting (15 minutes), these issues can be gradually resolved. The subcommittee can make recommendations to the Coalition for consideration/modification and approval.

Action Item: Roger Berle, Mark Greene and Dana Leath will work on addressing organizational issues and will make recommendations to the Coalition.

A. Letterhead

Pingree recommended having a logo as part of the Coalition's letterhead with the participating islands listed. Include the names of island representatives on each letter.

B. Meetings

The group decided to meet quarterly meetings on the first Friday of the month in February, May, August, and November. If there are scheduling conflicts, meetings date can be adjusted as needed.

Note: Meeting dates for 2005 are May 6, August 5 and November 4.

C. Telephone Representation

The Coalition decided that representatives taking part in a meeting by teleconferencing count towards the quorum. Doug Boynton commented that attending by phone is not as good as being there in person, but that it was better than not attending at all. Eva stated that if someone plans to present a lot of information, it is better if he or she attends the meeting in person. Roger shared that attending in person is still encouraged and preferred.

Motion: Island representatives participating via telephone count towards the quorum. All in favor.

D. RSVP for Meetings

Mark Greene recommended that island representatives confirm ahead of time whether or not they plan to attend a meeting. This will help to ensure that a quorum is present. To RSVP, island representatives should respond "yes" or "no" to Dana Leath via email.

E. Vice-Chair

Roger Berle asked if the Coalition if they would like to elect a vice chair. David Jermann nominated Mark Greene. Greene declined commenting that with Roger from Casco Bay as the Chair that the vice chair should be a Penobscot Bay island rep.

Motion: Mark Greene nominated Marjorie Stratton as vice-chair of the Maine Islands Coalition. David Jermann seconded the motion. All in favor.

[Marjorie was absent at the time of nomination but accepted the position upon her return]

F. Membership

To have the full compliment of islands participating in the Islands Coalition, the group still seeks a representative from Isle au Haut. Hannah Pingree offered to help identify an island rep.

Action Item: Hannah Pingree will help find an Island au Haut representative.

G. Chipping in

Roger Berle reminded the group that the Maine Islands Coalition is not a committee of Island Institute. Each island representative is appointed or elected officially. He suggested that the Coalition consider instating annual dues to provide modest financial support (i.e. \$50) to help cover the operational costs of the coalition and as a token of support by communities for the work of the Coalition. The funds will help cover the cost of lunch and administrative costs (photocopying, stamps, conference call, etc.). Coalition representatives agreed to this suggestion. The group decided to pay dues to the Maine Islands Coalition even if the Island Institute keeps track of the money. Roger will sort this out. It should be kept clear that the Coalition is a separate entity. Roger will send a letter with a bill to Maine Islands Coalition representatives so they can approach their town, if they choose, to cover the cost of membership dues.

Action Item: Roger Berle will draft a letter requesting membership dues, with an explanation and instructions, and mail it to island reps to share with their town or governing body.

V. Business items from last meeting

- A.** Dana Leath collected Island Solid Waste contacts from island reps and shared the information with Cherie Churchill as requested.
- B.** Dana compiled high speed internet contacts and information from reps. She asked the Coalition how they wanted to share this information. Roger Berle commented that the Coalition would turn the list over to its representatives and encourage tech people on each island utilize the list to contact each other.
- C.** Rob Snyder does not need the letter of support for the Working Waterfront Coalition at this point.

VII. Report on Affordable Housing Subcommittee

Joanne Whitehead of Islesboro was named Chair of the Coalition's Affordable Housing Subcommittee and she gave a report on the subcommittee's progress. The group had its first meeting on January 27th with Barbara Stainton from the Cranberry Isles, Emily Lane from Vinalhaven, Doug Boynton from Monhegan (via teleconference), Garrett Martin of Genesis, John Moriarty of RCAP, Dana Leath, and Alyson Mayo (Island Institute fellow working with affordable housing on Islesboro).

The subcommittee is tasked with developing an islands cost of living study, an effort to quantify the disparity between income, the cost of goods, and the real estate market on islands. The subcommittee plans to organize existing data and collect additional data as needed to create a State of the Islands Housing Report that focuses on preservation of place and demonstrates the need for affordable housing on islands. Such a report would help island communities to raise funds from private foundations to support their affordable housing efforts.

Garrett Martin commented that the Cost of Living Study is a simple way to show that it is more expensive to live on islands. He thinks it's unrealistic for HUD or USDA to change guidelines for islands, but the study would be suitable leveraging funding from private donors. A complex study is not necessary. The subcommittee will work to organize information into a 3 to 5 page document, titled the State of Island Housing, communicating the need for affordable housing on islands.

Joanne Whitehead shared that the subcommittee mentioned working together as a region, rather than just as individual islands, to find funding and develop projects. She also commented that the subcommittee needs policies and procedures on how to set up communications and reporting.

Action item: Continue efforts to develop Island Cost of Living study and to create the State of The Islands Housing Report for funders.

VIII. State of Islands Report

Charles Enders proposed that the Maine Island Coalition create a policy document, such as a State of the Islands Report, as a means to identify and advocate for key island issues. The report could address a wide range of policy topics to influence decision makers or to set of standards of healthy island communities. To accomplish such a task, he suggested forming a policy committee with 3 to 5 individuals. The committee could draft a 2 to 4 page statement for the Coalition to modify and approve. Preparing a final version could help the Coalition organize for issues more effectively. The statement could be created on an annual basis and the Coalition could start on the project and build on its effort over time. The statement could come out initially at the summer meeting with a final review at the fall meeting so that it could be in line with legislators thinking about their bills. Because a statement would be coming directly from the islands, the Islands Coalition will not be duplicating the advocacy efforts of the Island Institute.

Garrett Martin commented that creating a policy piece, would be a useful addition to the Coalition's toolbox and could help the group as it moves forward with its work. Pingree stated that the proposed policy committee would be working on a number of issues. She emphasized creating a policy statement not for policymakers or lawmakers, but as a means to educate other islanders about the issues and the work of the Coalition. Pingree also commented that the Coalition should determine the focus and purpose before developing a policy piece. Mark Greene recommended publishing a summary of proceedings from each meeting in the *Working Waterfront*.

Roger Berle encouraged Charles Enders to be on the committee and solicited participation from other island representatives. Eva Murray volunteered to help as long as it was kept informal and focused on how to summarize the work of the Coalition create in a report or an annual newsletter. Charles and Eva will work to refine the idea and present it at the next meeting.

Action item: Publish a summary of proceedings from each meeting in the Working Waterfront. Dana Leath will take responsibility for this.

Action item: Charles Enders and Eva Murray will refine the concept of a communication piece for the Islands Coalition (annual newsletter, state of the islands report, etc.) for discussion at the May 6 meeting.

IX. Other Island Issue

A. Golf Cart Insurance

Roger Berle reported that residents on Cliff, Diamond and Great Diamond are required by the City of Portland to register their golf carts. In order to register golf carts, the golf cards must be insured. The islands have been threatened with this scenario for ten years. Islanders have identified different golf cart insurance providers over the years but many of the companies have dropped their policies. A group in Portland volunteered to insure the carts, but their underwriter won't renew. The City is holding firm on requiring island residents to insurance and register their golf carts. On Cliff island, golf carts are ideal for the dirt roads. There are fifty or sixty golf carts on Cliff Island. Because of golf carts, Cliff Island has much fewer junk cars that they used to. Betsy Weber commented that islanders originally could tie golf cart insurance to homeowner's insurance. Her concern is why some people can get insurance and some cannot.

Roger asked the Coalition to consider taking a stand on this issue to help get by this impasse. Rep. Pingree commented that the issue is that the Coalition wants to ensure that people can get insurance on golf carts. She recommended contact Sen. Dennis Damon and Rep. Boyd Marley about this issue since they are on the Transportation Committee.

Motion: David Jermann made a motion to encourage the insurance commissioner to ensure insurance is available to island golf cart owners. Mark Greene seconded. Doug Boynton and Grayson Hartley abstained. The majority were in favor.

<p>Action Item: Coalition representatives will contact Tom Fortier, Rep. Boyd Marley and Dennis Damon, Chair of the Transportation Committee, to follow up on the golf cart insurance issue.</p>

B. Junk Cars

Dexter Lee commented that junk cars are a problem on Swan's Island. The town governments on Matinicus and the Cranberry Isles require residents to pay \$250 the first time a car is registered on-island to generate revenue for junk car removal. In talking with the Maine Municipal Association, they thought this measure was stepping on Department of Motor Vehicle territory. Islands with car ferries have a new set of cars coming out to the island each day. Dexter suggested that if all islands worked together and each town had a fee attached to motor vehicle registration, it could help with the junk car issue.

Mark Greene responded that Long Island has island-use only registration for vehicles and that people are paying \$4 extra across the state for disposal of junk cars. Monhegan charges \$25 per year for trucks as an incentive to get rid of junk trucks. On Vinalhaven, people pay \$50 at the dump to get rid of a junk car and it is processed for scrap metal. If a junk car is found and nobody takes care of it, the town takes care of it and bills the owner. The owner usually pays.

Dexter Lee commented that under deed restrictions you can't have junk vehicles. Mark Greene asked if the state had a limit of 30 days for having an unregistered vehicle. Long used to have a problem with junk vehicles, but does not anymore. On Swan's junk cars reach a high point every ten years or so. Eva Murray commented that on Matinicus they hauled sixty junk cars away on a barge. It was a day's worth of work for a crew of people who were angry about the junk cars and gave the town an incentive to implement a \$250 vehicle deposit.

X. Next Meeting

A. Date

May 4, 2005

B. Agenda

Focus and auxiliary issues are needed for the next meeting, and should be stated between now and May 4th. The following topics were suggested for the meeting:

1. Affordable housing
2. Land conservation
3. Economic development opportunities
4. Home owners insurance
5. Water quality issues

<p>Action Item: Develop agenda for May meeting. Contact Roger or Dana with additional agenda suggestions.</p>
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