Maine

2023 Conservation Funding Feasibility Report

Photo Credit: Birch Harbor in Gouldsboro, ME. Jerry & Marcy Monkman

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Introduction

Trust for Public Land (TPL) has been connecting communities to the outdoors, and to each other, since 1972. Our mission is to create parks and protect land for people, ensuring healthy, livable communities for generations to come. Our 50 years of experience have shown us firsthand how well-designed outdoor spaces are more than places to play; they change people's lives. In that time, we have created more than 5,364 parks and green spaces, safeguarded over 4 million acres from private development, and put a park within a 10-minute walk of home for nearly 9.4 million people nationwide.

TPL's Conservation Finance program offers technical assistance to elected officials, public agencies, and community groups to design, pass, and implement public funding measures that reflect local and state priorities. Since 1996, we have been involved in more than 600 successful ballot measures and dozens of statewide legislative campaigns, creating $93 billion in new funding for parks, restoration, and land conservation across the country. Since 2008, TPL has been directly involved in every statewide land conservation funding ballot measure in the country.

We know that a successful conservation finance initiative requires reliable research to determine which options and funding levels are feasible, economically prudent, and likely to be publicly acceptable. For these reasons, TPL conducted this feasibility analysis to inform the work of the Builders Initiative. This fact-based, stand-alone document can be referenced to objectively evaluate state funding mechanisms.

In our five decades of leadership protecting land for people, we have consistently seen that a substantial, long-term, and dedicated source of state revenue is at the heart of the most thriving state parks and conservation programs. States with significant funds are also better positioned to secure federal and local funding and to attract commitments from private conservation programs and philanthropic partners—maximizing the impacts of state revenue. With a robust and sustained funding stream, a state can establish meaningful conservation priorities that protect its most valuable and distinctive natural resources for generations of people to benefit from and enjoy.

Executive Summary

The foundation for an effective state conservation program is strong fiscal commitment through a stable, reliable revenue source. Substantial and direct state investment fosters strategic program development and long-term vision. The presence of a dedicated source of state revenue to fund conservation of natural resources is, in fact, one of the best predictors for program success.

On the other hand, states that rely on annual appropriations or repeated statewide funding elections report having trouble making long-term plans or commitments to partners or landowners. Political and funding challenges top the list of the greatest barriers to effective state conservation programs.

The following report analyzes several possible revenue options for funding conservation, including estimates of their revenue-raising capacity and examples of successful programs from other states. The report focuses on broad-based financial mechanisms capable of generating significant funding at the local and state levels that are practical and proven. The contents of this report are based on the best available information at the time of research and drafting. This report is not a legal document and should not be relied upon for legal purposes.

Climate Related Threats to Maine Land

Natural and Working Lands[1]: With forests covering more than 89 percent of the state, Maine is the most heavily forested state in the country. Natural and working lands are the foundation for significant sectors of Maine's economy, including agriculture, forestry and wood products, outdoor recreation and tourism. The overwhelming majority of working and natural lands in Maine—93 percent—are privately owned. For generations, these lands have provided good-paying jobs, food, wildlife habitat, and recreation opportunities.

Forests, farmlands, and natural areas, including wetlands, also provide essential natural benefits such as drinking water protection, flood hazard prevention, and carbon storage. Maine's working forests, natural lands, and agricultural lands are estimated to capture approximately 13 million metric tons of CO2e per year, an amount equal to 75 percent of Maine's greenhouse gas emissions. Loss of forest and farmland to development is currently estimated at approximately 10,000 acres per year, reducing the potential for carbon storage and the many additional benefits those working lands provide.

Today, Maine's natural and working lands are threatened by climate change and development in rural areas that lack planning. Temperature and precipitation changes will impact forest composition and the habitat and biodiversity of plant and animal species. There is an increasing risk of wildfires, while new pests, diseases, and invasive species threaten overall forest health and many crops. And increasingly extreme storms cause erosion, soil loss, and harm water quality.

Coastal and Marine[2]: The Gulf of Maine is warming faster than 99 percent of the world's oceans. As it warms and loses its subarctic characteristics, some ocean species are moving northward and disappearing from traditional fishing grounds. Simultaneously, temperate species from the south are invading.

Climate change is expected to reduce Maine seafood harvesters' regional catches and associated revenue. This will have a ripple effect on the economy. In 2018, commercial fishing employed nearly 30,000 people in Maine and was valued at about $637 million.

Climate change also worsens ocean acidity, which has risen 30 percent worldwide and will continue rising alongside growing greenhouse gas levels. Ocean acidification is already impacting some aquaculture

[1] Excerpted from Maine Climate Strategies
[2] Excerpted from Maine Climate Strategies

operations in Maine and will have increasingly negative effects on marine organisms that produce calcium carbonate to build shells, such as oysters, scallops, clams, mussels, and sea urchins.

Sea level rise caused by climate change will have profound effects on coastal communities. By 2050, Maine is likely to see between 1.1 and 1.8 feet of relative sea level rise with a potential 3 to 4.6 feet rise by 2100. A one-foot rise in sea level results in a 15-fold increase in the frequency of “nuisance” flooding.

Healthy coastal and marine areas provide important benefits to Maine's people, environment, and the economy. They protect communities from severe storms. They take greenhouse gases out of the atmosphere to bury them long-term. Coastal beaches, dunes, salt marshes, and bluffs are likely to experience further erosion, landward movement, and land loss due to climate change.

Several potential finance mechanisms could be considered to increase state funding for conservation in Maine. This report specifically examines the options listed below.

Funding Opportunities Summary	
General Obligation Bonds	Bonds are a common source of conservation funding in many states, including Maine. Voters in Maine have a long history of support for Land for Maine’s Future bond funding.
Sporting Goods Sales Allocation	The funds generated by the current sales tax on sporting goods could be dedicated to land conservation. This would be a dedication of an existing tax and not a new tax or increase. This increasingly popular funding source has been overwhelmingly approved by voters in Georgia and Texas. Maine sales of goods in this category in 2017 (the last year data was available)[3] totaled roughly $362 million. If the 5.5% state sales tax is applied to this amount, it could generate approximately $20 million annually. The state legislature could dedicate the entire amount, or a percentage, of these tax revenues each year for natural climate solutions.[4]
Revenue Bonds	Funds generated from a dedication of the sales tax on sporting goods (or similar amount from a different finance mechanism) in Maine could support a $200 million revenue bond with 5% interest rate over 20 years and could be used strategically for land conservation projects.
Recreational Marijuana Sales	Based on the 2016 fiscal impact statement, state sales tax collections would have increased from marijuana sales by an estimated $2,800,000 in fiscal year 2017-18 and by an estimated $10.7 million in subsequent years. Under current statute, 98% of any sales tax collected would be credited to the General Fund and 2% would be transferred to the Local Government Fund for distribution to cities and towns. A portion of the sales tax on recreational marijuana could be dedicated to land conservation. For example, in November 2020, Montana voters approved a recreational marijuana sales tax for conservation.
Clean Water State Revolving Fund (CWSRF)	Both in Maine and nationally, only 6%-10% of federal State Revolving Fund (SRF) funding has been dedicated to nonpoint source projects.[5] States like Ohio and Vermont have made increased use of their SRFs for land protection and restoration. The Maine CWSRF program has not funded any land protection projects, but it could be used for this purpose. Administrative changes could be made as well as loan forgiveness through potential grant opportunities for land conservation.
Local Conservation Finance	Voters in Maine municipalities have supported all but two local conservation finance measures. These funding measures have generated over $18 million in municipal funding for local conservation. Additional state efforts could be made to provide town and city governments with specific enabling authority and state incentives to fund parks and land conservation in cities and towns throughout Maine.

[3] Data was released in 2020

[4] Please note a major caveat in some states is the lack of comprehensiveness of NAICS code information. Note, depending upon how comprehensive the reporting is, using code 451110 might not include assessments of sporting goods sales in larger stores like Walmart that sell many different sporting good items.

[5] *Clean Water State Revolving Fund System***.** A Trust for Public Land report by Matt Zieper, Brian Shillinglaw, Pat O’Connell and Honora Freeman.

Additional Revenue Options
Sales tax, real estate transfer tax, deed recording fee, water extraction tax, carbon pricing, cap and trade, sports betting authorization and taxation, lottery funds, casino proceeds tax, water utility fee, prepared foods and lodging tax, commercial forestry excise tax

Next Steps

The next steps for Maine should include a few key actions. First, identify and establish shared goals among a diverse set of partner and member groups and entities that support dedicated conservation funding. This will serve to avoid potential competing efforts and will help align and unite stakeholders and partners. Second, evaluate funding options to match the shared goals identified by advocates and stakeholders and to match conservation needs identified in the state's planning processes. Third, when a specific set of funding proposals has been identified, partners should consider measuring voter attitudes toward these proposals; this is essential for any proposals that require voter approval on state or local ballots. This could be accomplished with a public opinion survey to test ballot language, tax tolerance, and program priorities of voters throughout the state. Building broad-based endorsement by traditional and nontraditional partners is critical to enlisting statewide voter and legislative support.

TPL largely relies on support from private foundation partners to assist state partners and local jurisdictions in their efforts to create public funding for land and water conservation. This support allows TPL to work as a trusted partner to provide technical assistance, customized research, public opinions surveys, and programmatic recommendations. Our Conservation Finance services bolster the likelihood of success. New measures, when successful, can generate millions of dollars for parks, natural areas, climate resilience, and restoration—representing a significant return on investment.

Existing Funding

In Maine, TPL has completed 77 project closings, permanently protecting nearly 186,000 acres of parks and land throughout the state. TPL has been involved in eight (out of nine) successful local and state land conservation ballot measures, generating more than $117 million for conservation, most of which is dedicated to the Land for Maine's Future Program. In 2019, TPL helped the Town of Scarborough pass a $2.5 million bond for land and water conservation.

Land for Maine's Future (LMF)

The LMF program began in 1987 and uses state funds through voter approved bond authorizations to acquire land - nearly $150 million has been approved during the past 30 years.[6] LMF projects are divided into four categories: water access, working waterfronts, conservation and recreation, and agriculture. The program focuses on acquiring land for open space, wildlife, parks, natural areas, endangered species habitat, deer wintering areas, and natural communities.

LMF requires a minimum of 50 percent matching funds for the public funds expended. It has successfully leveraged more than $126 million from private and federal dollars. Key funding partners have included nonprofit organizations, foundations, cooperating landowners, and federal agencies.

[6] Trust for Public Land's LandVote Database www.landvote.org.

Since its creation, LMF has assisted in the acquisition and protection of more than 600,000 acres, including over 333,000 acres of working farms and forests.[7] The lands protected through LMF include more than 1,200 miles of shorefront and 158 miles of rail-trails, as well as 58 miles of coastline and farmland.

TPL's Conservation Almanac, which tracks and maps investments in land protection, shows that between 2000 and 2015 LMF helped protect over 512,000 acres, expending over $82 million in state funds. These acres help sequester almost 33 million metric tons of carbon throughout the state.[8] A separate economic analysis conducted by TPL revealed that LMF had leveraged over $126 million in local, federal, and private funds between 1998 and 2010.[9] Additionally, the Bureau of Parks and Lands[10] estimates that over the past twenty years the Bureau's public lands have sequestered approximately 760,000 additional tons of carbon — enough to offset the emissions of more than 6,800 cars every year. This number is based largely on net growth estimates on more than 600,000 acres of forestland.[11]

In November 2012, voters approved the most recent Land for Maine's Future bond. The $5 million bond passed with 61 percent support and contained the following ballot language:

Do you favor a $5,000,000 bond issue to purchase land and conservation easements statewide from willing sellers for public land and water access, conservation, wildlife or fish habitat and outdoor recreation, including hunting and fishing and deer wintering areas, and to preserve working farmland and working waterfronts to be matched by at least $5,000,000 in private and public contributions?

Total estimated lifetime cost of borrowing this amount of money is $6,237,500 representing $5,000,000 in principal and $1,237,500 in interest assuming 4.5% interest over 10 years.

For 2022-2023, the state appropriated $40 million ($10 million a year for four years) to fund LMF. With current funding limited, a new dedicated funding source is needed.

The map below, representing land protection projects from 1989-2015, shows how LMF has protected lands that are deemed high priority habitat (based on TNC's Ecoregional Assessment). The map includes roughly 87 percent of land protection projects during this time period. 43 percent of the projects overlap a high priority habitat area.

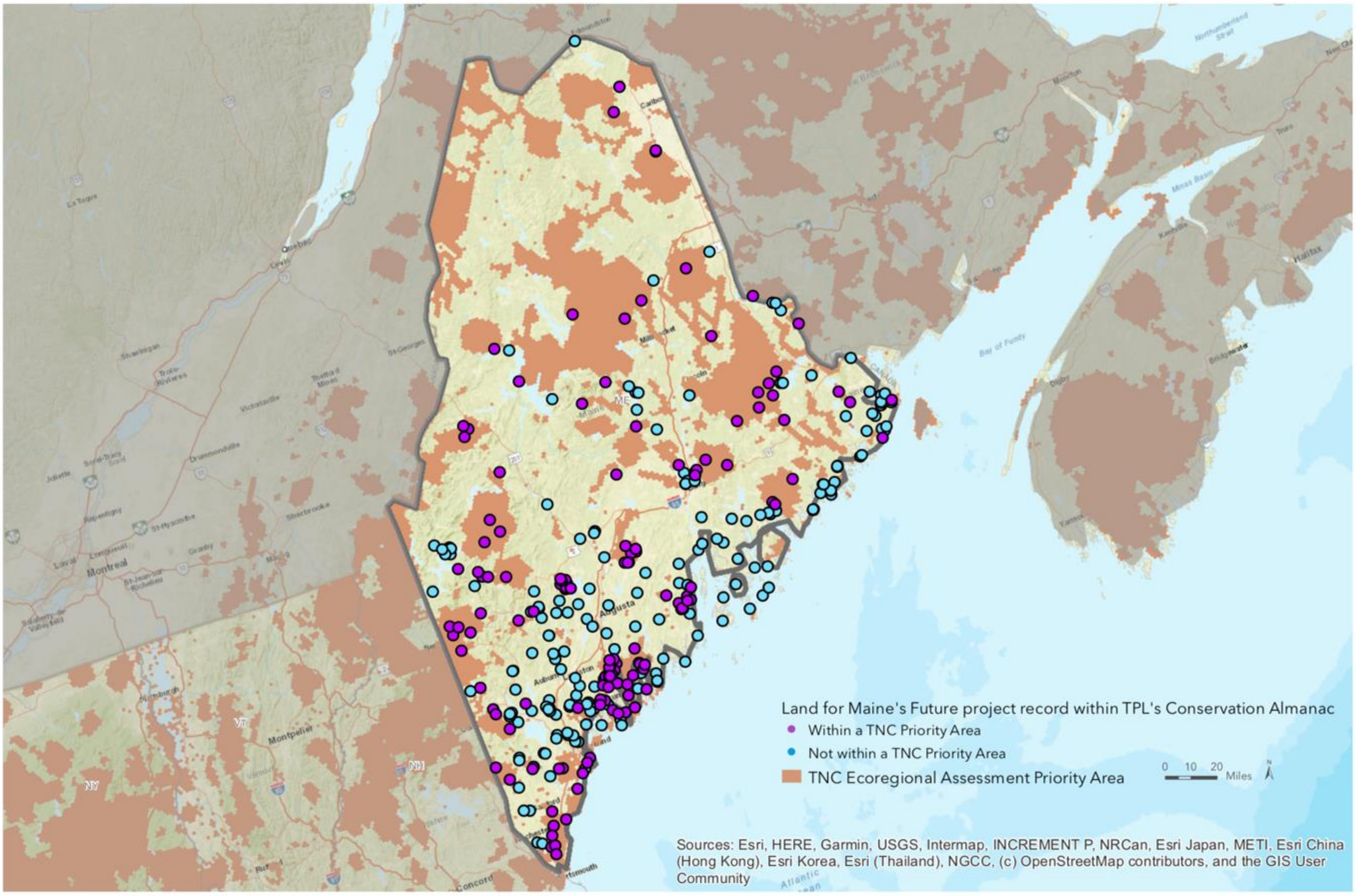
[7] https://www.maine.gov/dacf/lmf/index.shtml. Of the conserved land there are 33 completed Farmland Protection Projects conserving 7,682.1 acres with total LMF funds allocated of $8,481,173.00. There are 27 completed Working Waterfront Projects conserving 52.81 acres with total LMF funds allocated of $5,693,250.00.

[8] Conservationalmanac.org, carbon storage datasets are a snapshot in time of net carbon storage. So, any disturbance that affects carbon storage, such as activity in "working" landscapes that would cause carbon emissions is not reflected in the data.

[9] http://cloud.tpl.org/pubs/local-maine-conseconomics-2012.pdf

[10] Analysis provided by Bureau of Parks and Lands

[11] For the subset of ~100,000 acres that are designated as Ecological Reserves, the Bureau is working with TNC and the University of Maine to develop more refined estimates of carbon capture and storage.



Land for Maine's Future Projects and TNC Ecoregional Assessment Priority Areas

Maine Natural Resource Conservation Program (MNRCP)[12]

The Maine Natural Resource Conservation Program (MNRCP) awards competitive grants to projects that restore and protect high priority aquatic resources throughout Maine. Administered by The Nature Conservancy on behalf of the Maine Department of Environmental Protection (DEP) and the U.S. Army Corps of Engineers, since its launch in 2008, MNRCP has awarded over $26 million to nonprofits, municipalities, and public agencies to help restore, enhance, or preserve wetlands and other important habitats at more than 160 project sites across the state.

MNRCP was created to manage the allocation of funds collected through Maine's In Lieu Fee Compensation Program (ILF). This voluntary program provides flexibility for regulators, businesses, agencies and others who are meeting regulatory permit requirements, to choose a fee in lieu of more time-intensive traditional mitigation options. The fees are collected by DEP and then transferred to the Natural Resource Conservation Fund.

The revenue generated for MNRCP varies from year to year. Most of the over $32 million in program revenue since 2008 has come from transportation impacts.[13] Projects have been primarily located in Central Interior, Midcoast, and Southern Maine. See Table 9 to the right.

Table 9. Sources of In-lieu Fee Payments in Maine from 2008 through 2021

Impact Source	Total Fees	Percent of Total Fees	Number of Permits	Percent of Total Permits
Transportation	$10,302,047.37	32.2%	85	24.4%
Energy supply/transmission	$8,081,409.46	25.3%	45	12.9%
Residential/Commercial development	$7,545,058.03	23.6%	134	38.4%
Educational/Health facility	$2,711,944.15	8.5%	27	7.7%
Federal Government[1]	$1,643,489.23	5.1%	5	1.4%
Municipal	$558,312.61	1.8%	17	4.9%
Working waterfront[2]	$550,463.37	1.7%	19	5.4%
Other	$282,588.98	0.9%	9	2.6%
Recreation	$274,640.45	0.9%	8	2.3%
TOTAL:	**$31,949,953.65**	**100%**	**349**	**100%**

[1]Federal Government includes projects conducted by federal agencies, primarily on federal property. Examples include fill impacts by the U.S Marine Corps and U.S. Navy and dredging impacts by the U.S. Army Corps of Engineers.
[2]Working waterfront includes piers, docks, boat ramps, marina expansions, retaining walls, shoreline stabilization, and other activities primarily associated with commercial development in waterfront areas.

All resource compensation fees are calculated using resource dependent formulas based on the rates provided to the right in Table 1 and a resource multiplier - an adjustment factor that reflects the significance of specific resources and the DEP's resource compensation ratio.

Compensation formulas could be implemented for damages related to coastal impacts. Fees could then be used for additional conservation-specific projects.[14] Although MNRCP is required to address wetland values of parcels which drive the awards, currently woodland, forestland, or other open space are often included within the parcels.

Table 1 Resource Compensation Rates

Table 1 Resource Compensation Rates 1/1/2022 to 12/31/2023

County	Natural Resource Enhancement & Restoration Cost/ Sq. Ft.	Avg. Assessed Land Value/ Sq. ft.*
Androscoggin	$5.05	$0.19
Aroostook	$4.69	$0.02
Cumberland	$5.05	$0.83
Franklin	$4.69	$0.06
Hancock	$4.69	$0.23
Kennebec	$5.05	$0.18
Knox	$5.05	$0.34
Lincoln	$5.05	$0.32
Oxford	$5.05	$0.08
Penobscot	$4.22	$0.07
Piscataquis	$4.69	$0.04
Sagadahoc	$5.05	$0.30
Somerset	$5.05	$0.05
Waldo	$5.05	$0.10
Washington	$4.69	$0.03
York	$5.05	$0.56

* Figures based on 2020 MRS statistical Summary

[12] Excerpted from www.mnrcp.org
[13] 2021 MNRCP Annual Report
[14] https://www.maine.gov/dep/land/nrpa/ILF_and_NRCP/ILF/fs-in-lieu-fee.pdf

Maine Outdoor Heritage Fund (MOHF)

Established in 1995, the Maine Outdoor Heritage Fund (MOHF) conserves wildlife and open spaces through the sale of instant scratch lottery tickets. Grants from the ticket sales proceeds are awarded twice a year.

The seven-member MOHF Board selects projects in four categories that promote: conservation of Maine's fish and wildlife habitat, acquisition and management of special places, endangered species, and conservation law enforcement. Climate change, mitigation, resiliency, or adaptation strategies are listed under all four fund distribution criteria, including conservation of fisheries and wildlife and habitat in Category 1. Over $28 million in grants have funded over 1,200 projects since tickets first went on sale in January 1996.

Scratch ticket lottery revenues have declined in recent years due to factors such as price per ticket. Until recently, MOHF had a single $1 ticket, the theme of which was updated twice a year for marketing purposes. In 2019, the Department of Inland Fisheries and Wildlife (IFW) worked with the lottery to raise the ticket price to $3 in an attempt to increase revenue. Initial indications show strong sales.

Coastal Funding[15]

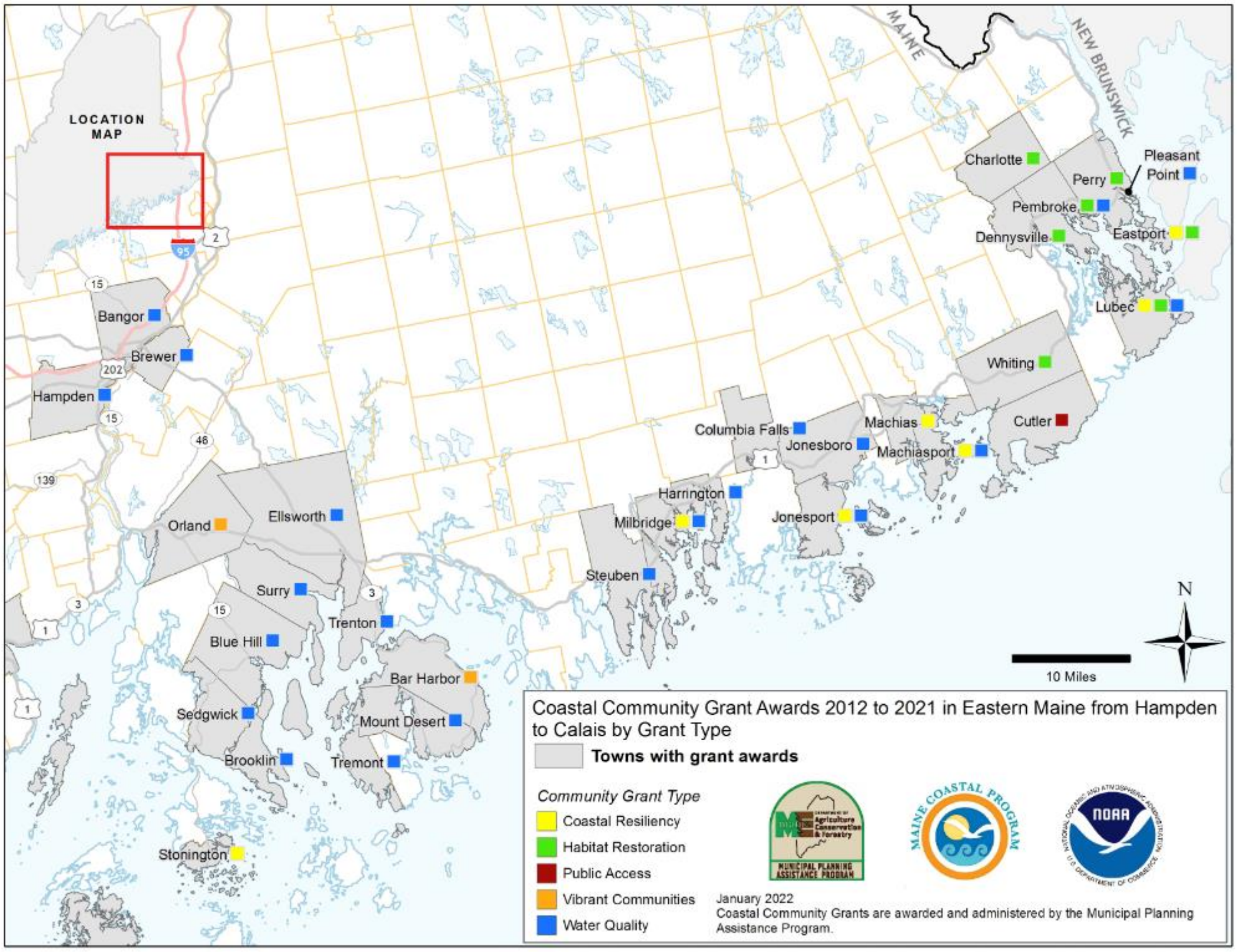
IFW works closely with the US Fish and Wildlife Service (FWS) Coastal Wetland Program to secure federal grant funds for coastal acquisition projects in Maine, many with a focus on climate resilience. IFW uses these funds for acquisitions, but also works with partner organizations to assist with their land acquisition projects. Funds can also be used for restoration.

The Maine Coastal Program, within the Department of Marine Resources, provides funding through Maine’s federal coastal zone management award from the National Oceanographic and Atmospheric Administration (NOAA). This is a competitive grant program for projects designed to improve water quality, increase adaptation to erosion and flooding, restore coastal habitat, promote sustainable development, and enhance the coastal-dependent economy while preserving coastal natural resources within Maine’s coastal zone.

Under the Department of Conservation, Agriculture and Forestry (DACF), the Municipal Planning Assistance Program’s Coastal Community Grant Program is geared toward climate projects and town planning. Since 2012, this grant program has provided over $2 million to 74 projects throughout coastal Maine.

In FY21, DACF awarded nearly $157,000 through the program for five projects located throughout coastal Maine. The grants help coastal communities improve social resiliency and the health of shellfish beds, develop a model coastal resilience ordinance, develop standards for erosion and sediment control and sediment in storm sewer systems, and strengthen downtowns. Each project involves regional or local-level partnerships, and each grantee provides a minimum of 25 percent in matching funds or services. Below is a snapshot of projects located in Midcoast Maine.

[15] https://www.maine.gov/dacf/municipalplanning/financial_assistance.shtml



Project example: Town of Phippsburg/ Kennebec Estuary Land Trust: Collaboration to Increase Social Resilience in Midcoast Maine ($19,541)**:** Representatives from the municipal, emergency response, social service, and conservation communities are taking part in a facilitated scenario planning exercise that simulates a coastal hazard event in the southern Midcoast region. Participants will take part in a table-top exercise to illustrate how each group would engage in preparation for and recovery from a storm event. The exercise is designed to highlight opportunities where the sectors can coordinate more effectively to determine how, if at all, they included the element of 'social vulnerability' in their plans for the impacts of and recovery from coastal hazards. Project Partners: Bowdoin College, The Nature Conservancy, Casco Bay Estuary Partnership, Wells National Estuarine Research Reserve, Maine Sea Grant and Maine Cooperative Extension and the Kennebec Estuary Land Trust.

Funding Opportunities

This Feasibility Report focuses on potential revenue options, incentives, and regulations that are significant, pragmatic, and proven. This study examines general obligation bonds, lottery revenue, the sales tax, use of existing sales tax on sporting goods, real estate transfer tax, deed tax, water extraction fee, lodging tax, carbon tax, carbon pricing, marijuana taxation, lottery and casino revenue, water utility fees, and new incentives for private landowners to promote natural climate solutions. Most taxes, fees, and regulations discussed in this section are statutory. To amend them, the Maine House and Senate must pass a bill to increase the rates and the Governor must sign the bill. The alternative would be a constitutional amendment dedicating revenue to conservation.

Dedicate a Portion of Sporting Goods Sales Tax Revenue

Maine could consider dedicating a portion of the revenue generated by the existing state sales tax on sporting goods to natural climate solutions. See Appendix B for additional examples from other states.

"Sporting goods" is defined by the U.S. Census' North America Industry Classification System (NAICS) code 451110 as including the following:

Athletic equipment and supply stores (including uniforms)
Bicycle (except motorized) shops
Bowling equipment and supply stores
Diving equipment stores
Exercise equipment stores
Fishing supply stores (e.g., bait)
Footwear (e.g., bowling, golf, spiked), specialty sports, stores
Golf pro shops
Gun shops
Outdoor sporting equipment stores
Pro shops (e.g., golf, skiing, tennis)
Saddlery stores
Shoe stores, specialty sports footwear (e.g., bowling, golf, spiked)
Sports gear stores (e.g., outdoors, scuba, skiing)
Tack shops
Tackle shops (i.e., fishing)
Uniform stores, athletic

Maine's state sporting goods sales tax revenue in 2017 (the last year data was available)[16] totaled roughly $362 million in sales. Applying the 5.5 percent state sales tax to this amount generates approximately $20 million annually. The state legislature could dedicate the entire amount, or a percentage, of these tax revenues each year for natural climate solutions.[17] Note that such a dedication would take away revenues currently allocated to other purposes and potentially necessitate cuts to other areas of Maine state budget, or create the need to generate additional funds from other sources. However, $20 million in sales tax revenue represents less than one percent of total state sales tax revenue in 2023.

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[16] Data was released in 2.020

[17] Please note a major caveat in some states is the lack of comprehensiveness of NAICS code information. Note, depending upon how comprehensive the reporting is, using code 451110 might not include assessments of sporting goods sales in larger stores like Walmart that sell many different sporting good items.

Funds generated from sales tax on sporting goods in Maine could support a $200 million revenue bond with five percent interest rate over 20 years and could be used strategically for land and water conservation projects.

Potential SGST Revenue Allocations		
Amount of SGST for Conservation	% of SGST*	% of Total Sales Tax Revenue**
$1,000,000	5%	0.05%
$5,000,000	25%	0.24%
$10,000,000	50%	0.48%
$15,000,000	75%	0.73%
$20,000,000	100%	0.97%
*Based on 2017 Economic Census sales in NAICS 45110 establishments = $19,920,450.		
**Based on Maine State Legislature Office of Fiscal and Program Review 2022-2023 Annual Report = $2,067,288,792.		

Potential Revenue Bonds Supported by a Portion of SGST Revenue					
Bond Issue	Rate	# Years	Annual Debt Service	% of SGST*	% of Total Sales Tax Revenue**
$50,000,000	5%	20	$4,012,129	20%	0.19%
$100,000,000	5%	20	$8,024,259	40%	0.39%
$150,000,000	5%	20	$12,036,388	60%	0.58%
$175,000,000	5%	20	$14,042,453	70%	0.68%
$200,000,000	5%	20	$16,048,517	81%	0.78%
*Based on 2017 Economic Census sales in NAICS 45110 establishments = $19,920,450.					
**Based on Maine State Legislature Office of Fiscal and Program Review 2022-2023 Annual Report = $2,067,288,792.					

General Obligation Bonds

General obligation (GO) bonds are loans taken out by a government and secured by the jurisdiction's full faith, credit, and taxing power to make timely payments. Borrowing, by issuing bonds, presents several advantages. It can provide the state with the revenue and flexibility it needs up-front to fund large-scale park and open space projects now, when land is available and less expensive than it will be in the future. Bonds ensure a steady stream of funding that is independent of the fluctuations in the operating budget. Costs are typically spread out over a long time and therefore are borne by both current and future beneficiaries. GO bonds are a popular land conservation financing tool at the state and local levels across the country and have been the Land for Maine's Future program's historic funding source. See Appendix __ for additional examples from other states.

For example, as shown in the table below, Maine could issue a $200 million GO bond with an annual debt service of about $16 million (assuming a 20-year bond at a five percent interest rate).

Maine Bond Financing Costs	
Assumes a 20-year bond issues at 5.0% Interest Rate	
Bond Issue	**Annual Debt Service**
$25,000,000	$2,006,065
$50,000,000	$4,012,129
$75,000,000	$6,018,194
$100,000,000	$8,024,259
$150,000,000	$12,036,388
$200,000,000	$16,048,517

Note that financing charges accrue, debt ceilings limit the amount of bonds a state or community can issue, and convincing voters of the merits of incurring debt can be challenging. Additionally, there is competition for GO bonds among many programs in need of financing. Generally, bonds can only be used to fund capital projects. For example, many forest management practices to improve sequestration, could likely not be bond funded. Finally, Maine must be mindful of how continued increases in debt will affect its bond ratings, as ratings can influence the interest rate charged on the loans. Maine continues to have voter authorized but unissued GO debt. Voters in the state overwhelmingly approved a total of $120 million in bonds for high-speed internet (76 percent support), transportation, highways and bridges (78 percent support) on July 14, 2020.

Voters have consistently approved bond authorizations for the Land for Maine's Future Program. The table below presents the election results for the most recent LMF bonds in 2007, 2010, and 2012 by county.

Support for Land for Maine's Future by County									
County	**November 6, 2007**			**November 2, 2010**			**November 6, 2012**		
Androscoggin	11,169	7,444	60%	23,463	18,081	56%	28,536	22,645	56%
Aroostook	6,881	4,705	59%	13,224	12,733	51%	16,965	15,709	52%
Cumberland	41,513	19,828	68%	84,651	40,794	67%	106,379	51,345	67%
Franklin	3,855	2,198	64%	7,711	5,596	58%	9,566	6,421	60%
Hancock	8,096	4,343	65%	14,150	10,949	56%	17,704	12,031	60%
Kennebec	15,933	9,950	62%	30,086	22,449	57%	36,338	25,406	59%
Knox	6,414	3,088	68%	11,677	6,566	64%	13,784	7,509	65%
Lincoln	6,485	3,488	65%	10,602	6,835	61%	12,588	7,560	62%
Oxford	7,368	4,847	60%	15,032	10,514	59%	16,928	11,538	59%
Penobscot	16,582	11,382	59%	29,974	29,338	51%	40,281	34,465	54%
Piscataquis	2,212	1,953	53%	3,414	4,020	46%	4,324	4,435	49%
Sagadahoc	6,132	3,078	67%	10,529	6,481	62%	12,882	7,462	63%
Somerset	4,592	4,117	53%	9,894	9,681	51%	12,843	11,279	53%
Waldo	5,361	3,335	62%	9,546	7,654	56%	11,651	8,795	57%
Washington	5,290	4,127	56%	5,808	6,802	46%	8,048	7,256	53%
York	24,009	12,697	65%	51,735	28,550	64%	67,545	35,974	65%
State Uocava				423	139	75%	2,193	471	82%
Totals	**171,892**	**100,580**	**63%**	**331,919**	**227,182**	**59%**	**418,555**	**270,301**	**61%**
Source: Maine Bureau of Corporations, Elections, & Commissions									

State Debt Capacity Forecast: Maine's bonded indebtedness for general obligation bonds was $505.82 million as of June 30, 2022.[18] An additional $167.13 million has been authorized but remains unissued. Maine has no legal debt ceiling. Tax-supported debt per Maine resident is $1,052. The national median is $1,039. Tax-supported debt as a percentage of Maine personal income is 1.9 percent. The national median is 2 percent.[19]

Moody's and S&P bond agencies have upheld the state's stable bond rating. Moody's affirmed both their 'Aa2 rating and stable outlook on Maine's debt. S&P affirmed their AA rating and stable outlook. The ratings come as S&P and Moody's downgraded other states' ratings because of the economic turmoil precipitated by the COVID-19 pandemic and inflation.[20]

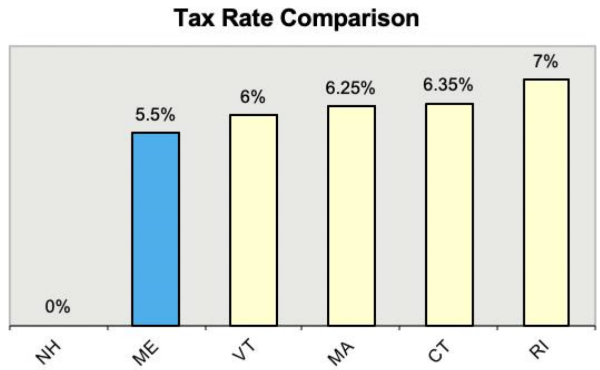
Sales Tax

In Maine, there is a current 5.5 percent tax on general sales, service providers, and uses.[21] To balance the state's budget, the sales tax was increased (initially temporarily) from October 1, 2013, to June 30, 2015, and by 2016 the increase had been made permanent. The table below shows the average household cost and annual revenue that could be generated from an increase in or diversion to conservation in the sales tax. At an average household cost of $23 annually, an increase to 5.625 percent would generate approximately $43 million annually. Funds could be used for specific nature-based solutions projects for conservation adaptation, resilience, and/or mitigation. The sales tax revenue percent attributed to businesses and out of state visitors would be close to 70 percent. See Appendix __ for additional examples from other states.

Estimated Revenue and Cost of Sales Tax			
Sales Tax	**Annual Revenue**	**Household Spending on Taxable Goods***	**Annual Cost/ Household**
0.0625%	$21,538,784	$18,323	$11.45
0.125%	$43,077,569	$18,323	$22.90
Sales Tax	**Annual Revenue**	**Total Revenue Attributed to Resident Spending****	**% of Revenue Generated by Residents**
0.0625%	$21,538,784	$6,539,675	30%
0.125%	$43,077,569	$13,079,350	30%
Taxable sales data from Maine Office of Tax Policy Research			
**Assumes 29% of household income is spent on taxable items.*			
Based on 2022 median household income of $63,182			
***Average household spending multiplied by est. # of households in the state (571,064.*			

Note that sales tax revenues can fluctuate significantly with changing economic conditions. Without targeted exemptions it can be considered a regressive tax because it takes a larger percentage of income from low-income taxpayers than from high-income taxpayers. Additionally, Maine's sales tax is lower than other New England states (except New Hampshire which has no sales tax), demonstrated in the table below.

[18] Office of the State Treasurer. Maine.gov. https://www.maine.gov/treasurer/debts-bonds/maines-debt-snapshot Date accessed April 2023.
[19] Moody's Investor Services
[20] Maine Governor's Office
[21] 36 MRSA §1811



Real Estate Transfer Tax

Real estate transfer taxes (RETTs) are imposed by states and localities on the sale of land and/or property, usually with the buyer paying the additional percentage tax. The revenue generated can be dedicated solely or in part to natural climate solutions, although many states have RETTs that fund government programs other than conservation. The tax can generate substantial funds for parks and open space, particularly in fast-growing communities. See Appendix __ for additional examples from other states.

Most states levy some form of real estate transfer tax and/or allow local governments to do so. Currently, Maine charges a real estate transfer tax of $2.20 per $500 or fractional part of $500 of the value of property conveyed.[22] Of these funds, 90 percent is paid to the State of Maine and the county collecting the tax retains 10 percent. Of the state funds, half go to the Maine State Housing Authority's Housing Opportunities for Maine Fund (HOME)[23] and, in 2012, the other half went to the Authorities, Maine Energy, Housing and Economic Recovery Fund.[24] (In 2001, a provision was passed and then repealed in the same year to transfer $200,000 from the transfer tax revenue to a state Community Forest Fund.)

Real Estate Transfer Tax

		Other Special Revenue Funds			
Fiscal Year	General Fund	HOME Fund	Bureau of Consumer Credit Protection	Energy Housing and Economic Recovery Fund	Total All Funds
2013	$11,667,284	$5,858,149	$607,035	$4,316,212	$22,448,680
2014	$10,695,215	$9,122,961	$639,265	$4,319,197	$24,776,638
2015	$13,836,648	$7,749,944	$774,624	$4,316,356	$26,677,572
2016	$15,394,715	$8,031,483	$578,795	$4,319,391	$28,324,383
2017	$17,059,116	$10,363,737	$444,896	$4,319,813	$32,187,561
2018	$15,927,432	$14,619,082	$377,471	$4,317,712	$35,241,698
2019	$19,105,924	$12,971,654	$373,323	$4,316,237	$36,767,139
2020	$16,501,776	$20,379,012	$328,441	$4,316,000	$41,525,229
2021	$22,091,539	$25,654,795	$123,901	$4,315,700	$52,185,935
2022	$27,375,823	$30,043,901	$120,189	$4,319,400	$61,859,313

According to the Office of Fiscal and Program Review, the RETT generated a high of $34 million in FY06. However, the revenue declined nearly 45 percent as a result of the economic and housing downturn in 2008.[25] Currently, the RETT is at record highs with revenue of almost $62 million in FY22.

[22] 36 MRSA §4641
[23] A portion of this is currently placed in the general fund.
[24] Once this amount equals the amount the Housing Authority certifies for bond obligations, the rest goes into the general fund.
[25] https://legislature.maine.gov/doc/10017

The table below shows how much money could be generated by increasing the transfer tax from the current $2.20 per $500.

Increase in the Real Estate Transfer Tax	
Increase per $500 value	Revenue Increase
$0.10	$2,811,787
$0.20	$5,623,574
$0.30	$8,435,361
$0.40	$11,247,148
$0.50	$14,058,935
$0.60	$16,870,722

Maine's current transfer tax rate is the lowest of the New England states, as illustrated in the table below. [26]

Comparison of Transfer Tax Rates	
State	Tax Rate per $500
Maine	$2.20
Massachusetts	$2.28
Rhode Island	$2.30
New Hampshire	$3.75
Connecticut	$3.75

There is a reasonable nexus between real estate development and land conservation, and Maine could consider increasing the current tax and dedicating the revenue to such purposes. However, since revenues from the tax fluctuate with the real estate market, income can be difficult to predict. In addition, the creation of a new tax or increase of an existing fee involving real property is usually strongly opposed by the National Association of Realtors and often state associations of realtors.

Deed Recording Fee

The Maine Registry of Deeds charges several different types of fees for real estate document recordings. In 2013, all Maine Registry of Deeds recording fees increased by $6 for the first page and recording plans were increased by $6 per plan. See Appendix __ for additional examples from other states.

All revenue from deed recording fees goes to the county where the transaction occurred. The increase was intended to fill a county budget shortfall. [27] Governor LePage vetoed the bill that increased fees and the Maine Association of Realtors opposed the increase in written testimony to the Maine Legislature. However, the Legislature overrode the veto and enacted the law.[28]

[26] Vermont is not included in this chart given the way they calculate their transfer tax. It would still equate to a higher tax than in Maine. Vermont's rate is 1.45 percent of property value.
[27] http://bangordailynews.com/2012/04/24/news/state/lepage-vetoes-bill-to-increase-county-fees-sponsor-says-that-will-create-shortfall/?ref=search
[28] http://www.mainelegislature.org/LawMakerWeb/summary.asp?ID=280047048

The current fee structure is as follows:

Registry Fees		
Surcharge (State and municipal governments are exempt)	$	3.00
Recording first page of document	$	19.00
Recording additional pages of a document (per page)	$	2.00
Names to index in excess of four (per name)	$	1.00
Marginal references (after the first)	$	13.00
Recording a plan	$	24.00

Revenue projections for a statewide deed recording fee are difficult to obtain because information would need to be collected from each of Maine's sixteen counties. For illustrative purposes, Maine's most populous county, Cumberland, collects about $1.4 million in revenue from recording. This includes an average of 70,000 recorded documents and deeds each year and 600 plans. If a $10 fee was added to each plan, deed and document recording, it would raise $706,000 in Cumberland County.[29]

Water Extraction Tax

Currently, Maine imposes an excise tax on naturally occurring minerals[30] and a renewable natural resource, timber, through the commercial forestry excise tax.[31] Over the past decades, multiple proposals have been introduced in the Maine Legislature and spearheaded by citizens in the initiative process to place a tax or fee on water extracted from Maine's aquifers for use as a bottled water product.

Since 2004, there have been several major water extraction tax efforts:

- In 2004, Maine's Water Dividend Trust (MWDT) was created and proposed a fee of 3 cents for each 20 fluid ounces of water extracted from the State for containerized resale. Trust dividends would pay for investment in the state, for purchase of Land for Maine's Future lands, and for municipalities to offset the cost of improvements/maintenance of infrastructure affected. The fee would have generated about $100 million annually. A citizen petition was started to place this proposal on the November 2006 ballot. The initiative fell short by about 1,000 signatures. About 7,100 signatures were ruled invalid.

- In 2010, a penny per gallon tax on containers of five gallons or less was proposed in the Maine legislature. 50 percent of the revenue would offset other taxes, 25 percent would protect watersheds and water quality, and 25 percent would be dedicated to the community where water was extracted. Poland Springs claimed the measure would cost 20 percent of annual payroll ($7 million). The excise tax was brought up in two consecutive legislative sessions (124th and 125th) and failed in both instances.[32]

- After these efforts, four additional bills in Maine's legislature attempted to impose excise taxes at various rates and for various purposes. In 2009, HP 191 was proposed to tax water at one cent per gallon; in 2015, HP 127 also would have imposed a one cent per gallon water extraction tax; and in 2017, HP 356 aimed to tax water at a rate of one cent per 25 gallons extracted. Revenue allocation

[29] https://www.cumberlandcounty.org/DocumentCenter/View/7644/2022-Cumberland-County-Budget-Book, Page 116
[30] https://legislature.maine.gov/statutes/14/title14sec6662.html
[31] https://www.maine.gov/revenue/propertytax/sidebar/commercialforestry.htm
[32] http://www.mainelegislature.org/legis/bills/bills_125th/fiscalpdfs/FN121601.pdf

varied for each bill. The proposals included programs to finance watershed and water quality protection, lake water quality monitoring, water testing, tax relief for local residents and municipalities, and programs for K-12 education.[33] In all instances, the legislation failed to proceed, or not enough signatures were gathered to place the measure on the ballot for a vote by the public.

In 2019, the Maine legislature considered whether to enact a 12¢ per gallon fee on any company extracting more than 1.5 million gallons of water from underground sources for commercial bottling. Of the estimated $100 million or more in potential revenue, 65 percent would go to a municipal broadband fund, college grants, and possibly early childhood education.[34] An amendment was introduced to reduce the proposed tax from 12¢ per gallon to 5¢ per gallon and the revenue, after subtraction of administrative costs, would be credited to the Highway Fund. The amendment also included statutory referendum provisions to ensure that the tax would not take effect unless approved by the voters at a statewide election and changed dates to reflect the referendum timing. The bill failed in the State Senate in June 2019. The ballot language was as follows:

"Do you favor a tax on bottled water operators of 5¢ per gallon of water 4 extracted in the State of Maine to be used for Highway Fund purposes?"

In 2023, the Maine Legislature introduced "An Act to Fund the Protection and Restoration of Riparian and Estuarine Ecosystems and to Impose an Excise Tax on Certain Bottled Water Operators". This bill creates an excise tax of 5¢ per gallon on the extraction of groundwater or surface water for commercial bottling for sale and allocates the funds to the Land for Maine's Future Fund to acquire, restore or protect riparian or estuarine lands in the State that are essential to protecting aquifers, surface waters or intertidal waters on which human and natural communities depend.[35]

A similar water excise tax proposal was introduced in 2021 as L.D. 1569, but that version did not specify where the tax revenue would go. The proposal, which was opposed by groups including the Maine State Chamber of Commerce, was overhauled to create a water-use study commission and was enacted in May 2022 without the signature of Gov. Janet Mills.[36]

A number of local campaigns have been established to block water extraction. The Save Our Water campaign in the Branch Brook Watershed communities was established to prevent large-scale water extraction and to maintain control of surface and groundwater. Towns have also started passing individual water ordinances governing terms of extraction. Thus far, no local extraction fee has been approved.

Water extraction taxes have been proposed in several states, most recently in Florida with no success thus far. At the federal level, a water extraction tax was proposed by the House of Representatives in March 2020.[37] The funding, if approved, would have helped fund the Drinking Water State Revolving Funds.

[33] Excerpted from 2019 Tax Foundation article. https://taxfoundation.org/maine-water-extraction-tax/#:~:text=Lawmakers%20in%20Maine's%20129th,in%20the%20previous%20calendar%20year.

[34] http://www.mainelegislature.org/legis/bills/bills_129th/billtexts/HP079701.asp

[35] http://www.mainelegislature.org/legis/bills/getPDF.asp?paper=HP0544&item=1&snum=131

[36] https://www.taxnotes.com/featured-news/maine-lawmaker-proposes-excise-tax-water-bottling/2023/03/02/7g09q

[37] https://www.thecentersquare.com/florida/floridas-proposed-first-in-nation-water-excise-tax-bottled-up-by-legal-procedural-questions/article_e0eec4aa-3c7f-11ea-88db-4b800b63c6e7.html

The water extraction tax could be the source of significant revenue for land conservation and other natural climate solutions in Maine. However, given the difficulty over many years to pass similar legislation, competing funding interests, and corporate opposition, the prospects seem limited.

Carbon Pricing

In 2019, Maine became one of the signatories to the U.S. Climate Alliance to uphold the Paris climate commitment to reduce emissions by at least 26 percent from 2005 levels and meet the federal Clean Power Plan targets. A carbon price or tax creates a price/tax for emitting carbon dioxide (and potentially other greenhouse gases) to the atmosphere. Such a tax would support Maine's policies designed to meet the Paris Agreement goals which require the state to reduce its greenhouse gas (GHG) emissions to 45 percent below the 1990 level by 2030 and to at least 80 percent below 1990 by 2050. See Appendix __ for additional examples from other states.

In 2019, "An Act to Price Carbon Pollution in Maine" was introduced in the legislature to tax the sale and distribution of carbon-emitting fuel products at a rate of $5 per metric ton starting in 2020 and increase by $5 annually until reaching $40 per metric ton in fiscal year 2027-28. The tax would have been imposed on "each form and grade of butane, coal, clear diesel fuel, gasoline, fuel oil, kerosene, natural gas and propane" but would not apply to dyed diesel fuel or jet fuel. Revenues from the carbon tax would have been used to reduce rates for utility customers. The bill (LD434) faced swift opposition and died in the Senate. In March 2019 a study group was formed.

The table below estimates the revenue that could be generated by placing a tax on carbon and other greenhouse gas emissions. For example, a tax of $5 per ton on carbon dioxide emissions in Maine could generate more than $87 million per year for natural climate solutions.

Carbon Tax Revenue Estimates			
Greenhouse Gas	**2019 Emissions (MMTCO2e) ***	**$/Ton**	**Annual Revenue**
Carbon Dioxide	16.45	$5	$82,250,000
* *Ninth Biennial Report on Progress toward Greenhouse Gas Reduction Goals*			

Lottery Funds

The Maine Outdoor Heritage Fund is supported by a small percentage of the total proceeds from scratch-off lottery tickets. Funds are allocated to habitat conservation, land acquisition, and endangered species projects. The proceeds from scratch ticket sales generally total between $400,000 and $700,000 annually. The Heritage Fund receives 24 percent of the scratch ticket revenue for conservation related grants after winnings are paid out. In FY22, over $71 million in lottery revenue was transferred to the Maine general fund.[38]

[38] Maine 2022 Tax Compendium

Maine could utilize a portion of the net lottery revenue to fund the preservation of working lands, parks, forests, and wildlife habitat via a statutory amendment to the lottery statute. For example, dedicating 10 percent of total lottery proceeds would generate approximately $6.3 million in additional funding for natural climate solutions, but would leave a corresponding gap in the general fund. Lottery revenue has been steadily increasing since 2014. Alternatively, Maine could consider creating a new lottery to support conservation in the state.

Lottery Revenue

Fiscal Year	General Fund	Other Special Revenue Funds	Total All Funds
2013	$52,908,602	$593,629	$53,502,231
2014	$51,845,477	$574,142	$52,419,619
2015	$54,002,444	$647,458	$54,649,902
2016	$56,972,851	$603,833	$57,576,684
2017	$58,219,690	$441,357	$58,661,047
2018	$62,307,123	$722,863	$63,029,985
2019	$62,675,109	$520,809	$63,195,918
2020	$64,589,742	$651,148	$65,240,891
2021	$70,647,717	$472,336	$71,120,053
2022	$71,351,415	$741,558	$72,092,973

Casino Proceeds Tax[39]

Racino and casino revenue is collected from slot machines and table game operations. The activity is currently authorized in Maine at two locations. See Appendix __ for additional examples from other states.

- Hollywood Casino in Bangor was licensed as a racino in fiscal year 2005 and licensed as a casino in fiscal year 2012. Under current law (8 MRSA §1036), Hollywood Casino is taxed at the rate of one percent of the gross slot income (the amount collected from slot machine players), 39 percent of the net slot machine income, and 16 percent of the net table game income.

- Oxford Casino was licensed as a casino in fiscal year 2012 with both slot machines and table games. Oxford Casino is taxed at the rate of 46 percent of net slot machine income and 16 percent of net table game income. The chart on the right summarizes the different tax bases and the distribution of funds for each facility in fiscal year 2022. A variety of areas receive casino tax revenue including schools, agriculture, and public health. In recent years, Maine has diverted Oxford Casino revenue allocated to schools to fill state budget gaps.

The revenue for the state from racinos and casinos has grown steadily, from $28.6 million in 2010 to $68 million in 2022. If the state allocated three percent of the tax revenue, it could provide over $2 million

[39] Maine 2022 Tax Compendium

annually for conservation and other natural climate solutions. Additionally, both casinos are located in counties with a significant amount of carbon stocks, according to TPL's Carbon Map.

Efforts have been made to increase the tax rate for specific purposes. Supporters of veteran's affairs hoped to increase the tax rate on Hollywood Casino to 40.5 percent to create a fund for veteran cemeteries in Maine.

Racino and Casino Revenue Distribution

	Hollywood Casino		Oxford Casino	
Tax Base and Purpose	**Slot**	**Table**	**Slot**	**Table**
% of Gross Machine Revenue:				
General Fund	1.0%	0.0%	0.0%	0.0%
% of Net Machine and Gaming Revenue: [1]				
General Fund [2]	4.0%	9.0%	3.0%	0.0%
Gambling Control Board	0.0%	3.0%	0.0%	3.0%
Fund for a Healthy Maine [3]	10.0%	0.0%	0.0%	0.0%
Fund to Supplement Harness Racing Purses	10.0%	0.0%	1.0%	0.0%
Sire Stakes Fund	3.0%	0.0%	1.0%	0.0%
Agricultural Fair Support Fund	3.0%	0.0%	1.0%	0.0%
Fund to Encourage Racing at Commercial Tracks	4.0%	0.0%	0.0%	0.0%
Fund to Stabilize Off-track Betting Facilities [4]	1.0%	0.0%	0.0%	0.0%
University of Maine System Scholarship Fund and Maine Maritime Academy scholarship program	2.0%	0.0%	4.0%	0.0%
Community College System Scholarship Fund	1.0%	0.0%	3.0%	0.0%
Department of Education, K-12 Education	0.0%	0.0%	25.0%	10.0%
Penobscot Nation and Passamaquoddy Tribe	0.0%	0.0%	4.0%	0.0%
Maine Dairy Farm Stabilization Fund	0.0%	0.0%	0.5%	0.0%
Dairy Improvement Fund	0.0%	0.0%	0.5%	0.0%
Coordinated Veterans Assistance Fund	0.0%	2.0%	0.0%	0.0%
Host County	0.0%	0.0%	1.0%	1.0%
Host Municipality	1.0%	2.0%	2.0%	2.0%
Host Municipality - Paid directly by Operator [5]	3.0%	0.0%	0.0%	0.0%

[1] Hollywood Casino's net machine income for the calculation of the other distributions includes the reduction of the 1% payment on gross slot machine income in addition to the player paybacks.

[2] Law requires the transfers of funds from the General Fund to the Gambling Addiction Prevention and Treatment Fund of $50,000 in fiscal years 2012 and 2013 and $100,000 annually beginning in fiscal year 2014.

[3] For fiscal years 2010, 2011 and 2012 the amount distributed to this Fund was capped at $4,500,000 with any excess amounts credited to the General Fund. For fiscal year 2013 the distribution to this Fund was eliminated.

[4] The amount distributed to this Fund was 2% until November 5, 2009, at which time it was reduced to 1% with the remaining 1% distributed to the General Fund.

[5] The City of Bangor receives 3% of the net slot machine income that does not pass through the state directly from Hollywood Casino.

Water Utility Fee

Currently, a consumer-owned water utility in Maine may establish a water supply protection fund from surplus funds.[40] The annual credit may not exceed five percent of the prior year's total revenue. Many water utilities have not created water supply protection funds, and those that have often raid those funds for capital improvements to avoid raising fees.[41] See Appendix __ for additional examples from other states.

In 2022, about 245,000 "service connections"[42] obtained water from public utilities in Maine.[43] If households obtaining their water from a public utility paid a $10 fee for conservation or other natural climate solutions it would generate roughly $2.45 million each year. Considering past experience with the water supply protection funds, any legislation should limit the ability to use the funds for other projects and provide some incentive for the utilities to establish the fund.

Prepared Foods and Lodging Tax

In Maine there is currently an eight percent tax on prepared foods and nine percent tax on short term lodging.[44] Five percent of the food and lodging tax is allocated to a Special Revenue Account in the Office of Tourism. The remaining funds are placed in the state's general fund. The two taxes generated over $425 million in FY22.

An additional increase or diversion of .25 percent of the prepared foods tax would generate an additional $13 million or more in revenue.

Estimated Revenue of a Prepared Foods and Lodging Tax Increase			
Lodging and Prepared Food Tax	**Annual Revenue***	**Total Revenue Attributed to Resident Spending****	**Revenues Generated by Residents**
0.25%	$13,340,508	66%	$8,804,735
0.50%	$26,681,017	66%	$17,609,471
Maine Office of Policy and Management Taxable Retail Sales 2022			
***Murray, Matthew. 2006. Exporting State and Local Taxes: An Application to the State of Maine. Brookings Institution.*			

The following chart shows how Maine's prepared food (meals tax) and lodging tax compares with other surrounding states. For example, in 2019, the Vermont Legislature redirected six percent of the rooms and meals tax revenue from the general fund ($7.1 million) towards the state's Clean Water Fund.[45]

Selected State Meals and Lodging Tax Rates		
State	**Meals Tax**	**Lodging tax**
New Hampshire	8.50%	8.50%
Maine	8.00%	9.00%
Massachusetts	6.25%	5.70%
Vermont	9.00%	9.00%
Connecticut	7.35%	15.00%
Rhode Island	1.00%	6.00%

[40] 35-A MRSA §6113.
[41] Personal communication with Andrews Tolman, Assistant Director, Hydrogeologist, Water Resources, Maine Drinking Water Program, July 8, 2008.
[42] "Service connections" for a Community Public Water System here could be a business, a school, a house, an apartment building.
[43] Maine Public Utilities Commission. Cost of Water at Selected Usages: Comparison of Current Rates with Average Charges through 2019. Accessed at https://www.maine.gov/mpuc/regulated-utilities/water
[44] 36 MRSA §1811
[45] https://vtdigger.org/2019/05/20/senate-decides-raising-new-revenue-clean-water-fund/

Recreational Marijuana

A growing number of states, including Maine, allow or are considering allowing recreational marijuana and accompanying taxes on its sale. Prior to November 2020, there were no states that dedicated marijuana tax revenue to parks and conservation specifically.

Marijuana in Maine[46]**:** In November 2016, voters in Maine narrowly approved a citizen initiative to legalize recreational marijuana. The measure allowed individuals over the age of 21 to possess and use marijuana and provided for the licensure of retail facilities and marijuana social clubs. The measure required the marijuana industry to be regulated by the Maine Department of Agriculture, Conservation and Forestry; that municipalities be allowed to limit the operation of retail stores; and that a 10 percent tax be placed on marijuana sales.

Based on the 2016 fiscal impact statement, marijuana sales increased state sales tax collections by an estimated $2,800,000 in fiscal year 2017-18 and by an estimated $10.7 million in subsequent years. Under the current statute, 98 percent of any sales tax collected is credited to the General Fund and two percent is transferred to the Local Government Fund for distribution to cities and towns.

Marijuana sales doubled from 2021 to 2022.[47] Estimates show tax revenue could be over $30 million annually over the next five years.[48]

Several issues have continued to face retail marijuana implementation in Maine.

- Fewer than 10 percent of the state's nearly 500 municipalities have adopted local options for creating local recreational marijuana shops.
- Maine's largest city, Portland, recently capped retail store licenses at 20 and adopted stricter buffer rules on where retailers can be located. This is currently being litigated.
- Litigation surrounds residency issues both on the state level and in Portland

Some of the resistance to local adoption of marijuana shops is due to the association of marijuana with harder drugs that have affected Maine communities, including opioids and methamphetamine.[49]

Commercial Forestry Excise Tax

The Commercial Forestry Excise Tax (CFET) is assessed at a fixed amount per acre on owners of more than 500 acres of forested land in Maine. The tax funds 40 percent of the State's forest fire protection activities. The tax is determined by the State Tax Assessor from information provided and certified by the Commissioner of the Department of Agriculture, Conservation and Forestry (DACF). It includes the current fiscal year's appropriations and allocations for, and anticipated revenues from, forest fire protection, as well as adjustments based on the preceding fiscal year's actual expenditures and revenues from forest fire protection. For fiscal year 2011, an additional one-time special assessment of $400,000 was added to the regular assessment. The state collects about $2.5 million in CFET tax each year. There are about 750 accounts, including over 9 million taxable acres.

[46] https://ballotpedia.org/Maine_Marijuana_Legalization,_Question_1_(2016)
[47] https://www.maine.gov/dafs/ocp/open-data/adult-use
[48] *Marijuana Business Daily* projects the market will reach $275 million to $325 million a year in sales by 2024.
[49] https://www.mainepublic.org/news/2021-09-20/more-than-90-of-maine-towns-still-dont-allow-recreational-marijuana-sales

Assessment Year	Fire Suppression Costs from DACF	Taxable Acreage	CFET Rate per acre	CFET Committed Tax
2015	$ 6,185,955	9,254,278	0.268	$ 2,482,925
2016	$ 6,280,391	9,346,068	0.269	$ 2,512,156
2017	$ 6,418,019	9,181,048	0.280	$ 2,574,948
2018	$ 5,139,622	9,085,518	0.224	$ 2,038,092
2019	$ 6,896,863	9,076,492	0.304	$ 2,762,011
2020	$ 5,638,446	9,068,680	0.249	$ 2,260,588
2021	$ 7,393,176	9,087,137	0.326	$ 2,957,270
2022	$ 5,780,614	9,104,683	0.254	$ 2,316,880

In 2017, a bill was introduced, to simplify[50] the tax rate estimation process and provide greater predictability by establishing an excise tax of 26 cents per acre of commercial forest land.[51] The bill ultimately failed. Efforts could be made to seek a per acre cost which, in addition to fire management, could help fund other natural climate solutions.

Note that the last two Maine governors have vetoed efforts to create a tax credit against the CFET for landowners who are based in the United States and who employ and retain businesses or contractors that are based in the United States, that employ at least 75 percent United States residents, and that are current in the payment of all state and local taxes. [52]

Expanding State Incentives for Local Funding

Local governments are important partners in financing and preserving open space. Local governments with significant funds are better positioned to secure and leverage funding from federal government and attract other state and private philanthropic partners. With a reliable source of funds, cities and towns can establish meaningful conservation priorities that protect the most valuable resources and meet local and statewide goals. In Maine, incentives could be specifically directed to communities at greater risk of climate change and more in need of natural climate solutions.

General obligation bonds are an important and relatively common tool for local land conservation in Maine as evidenced by the number of successful bond referenda. Bonds provide several advantages over pay-as-you-go funding, including the opportunity to make significant land acquisitions in the near term, presumably before the price of land increases. However, this mechanism is not always appropriate or feasible, and local governments should have the option to utilize other dedicated revenue streams, such as a dedicated property tax or local sales tax.

In Maine, municipalities, rather than counties, have largely undertaken conservation finance programs. State law limits dedicated funding options for land conservation available to local government to a few key sources, primarily general obligation bonds and development impact fees. The state precludes local governments from levying a property tax, real estate transfer tax, sales tax, or income tax for land

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[50] Currently the State Tax Assessor is required annually to calculate and determine the rate of the excise tax imposed upon owners of land used for commercial forestry using information provided by the Commissioner of Agriculture, Conservation and Forestry regarding expenditures and revenue for forest fire protection for the current and preceding year.

[51] http://www.mainelegislature.org/legis/bills/getPDF.asp?paper=HP0385&item=1&snum=128

[52] https://www.mainelegislature.org/legis/bills/bills_129th/billtexts/SP008001.asp

acquisition and protection. Other smaller revenue sources exist, such as donations, bequests, excise tax surcharges, and user fees, but are not examined here.

The state should provide incentives to local governments to adopt these financing mechanisms by adding or increasing the local matching requirements for state conservation funds and bolstering the funds with additional state monies. While raising taxes may seem unpopular, local land conservation ballot measures have continued to enjoy strong public support.

Maine Local Conservation Finance Ballot measures 1996-present					
Finance Mechanism	**Number of Measures**	**Pass**	**% Pass**	**Total Funds Approved**	**Conservation Funds Approved**
Bond	17	15	88%	$22,975,000	$22,975,000
General fund appropriation	2	2	100%	$100,000	$100,000
Total	**19**	**17**	**89%**	**$23,075,000**	**$23,075,000**
Source: The Trust for Public Land's LandVote database, accessed 2023					

Local Bonds

Maine towns and cities may issue bonds to raise funds for capital improvements, such as land acquisition or building construction. There are two types of bonds: GO bonds and revenue bonds (see Funding Opportunities section for State GO bonds and definitions). A revenue bond is a municipal bond. Debt service is payable solely from revenues derived from operating the facilities acquired or constructed with the proceeds of the bonds. Municipalities can issue revenue bonds not exceeding the total tax levy of the preceding two years.[53] The towns of Falmouth, Freeport, Saco, Scarborough, South Portland, and York have passed bond measures for land conservation.[54] In November 2019, a measure was the approval in Scarborough for a $2.5 million bond to acquire land for conservation. The measure passed with 58 percent support and the language for the question was as follows:

Referendum Question No. 3:
Shall the Order entitled "ORDER AUTHORIZING ISSUANCE OF UP TO $2,500,000 BONDS OF THE TOWN TO FUND AND INTERESTS IN THE PURCHASE OF LAND THROUGHOUT THE TOWN FOR FUTURE PURCHASES OF PROPERTIES OR RIGHTS TO PROPERTIES FOR THE FOLLOWING PURPOSES:

TO PROVIDE OR MAINTAIN PUBLIC ACCESS; AND.
TO ALLOW PASSIVE OR ACTIVE RECREATION; AND,
TO CONSERVE WATER QUALITY, NATURAL RESOURCES, OR OTHER NATURAL AREAS; AND,
TO PROVIDE EASEMENTS FOR WALKING OR BIKING TRAILS; AND,
TO PRESERVE SIGNIFICANT HISTORIC SITES; AND,
TO PRESERVE SITES WHICH CAN BE CONSIDERED PART OF THE CHARACTER TO THE COMMUNITY; AND,
TO ADD TO EXISTING CONSERVATION AND PUBLIC AREAS" be approved?

[53] 30-A MSRA §5771
[54] The Trust for Public Land. LandVote Data.

Below is a table of the bonding capacity of Maine's four largest coastal municipalities. At a per household cost of $30 (derived from the Trust for Public Land's experience working in hundreds of communities across the country to pass conservation finance measures), these municipalities could issue over $29 million in bonds, combined.

Estimated Bond Capacity of Largest Coastal Maine Towns at $30 per Household					
Municipality	**Taxable Valuation (2022)**	**Population (2022)**	**Median Income (2022)**	**Median Home Value (2017-2021)**	**Max Bond @ $30 / HH**
PORTLAND	$14,621,611,840	68,424	$66,109	$341,700	$15,998,034
SOUTH PORTLAND	$4,862,587,400	27,026	$73,899	$293,700	$6,189,845
BIDDEFORD	$2,662,971,338	22,450	$58,142	$278,300	$3,577,417
SACO	$2,652,134,125	20,872	$72,700	$289,800	$3,421,475

Impact Fees

In 1987, the Maine Legislature authorized local governments to impose impact fees on new development to finance facility improvements, including parks and open space, due to demand caused by new growth.[55]

The first step for a community considering implementing an impact fee is to assess its rate of growth and determine if it would generate enough revenue to make an ordinance and its administration worthwhile. [56] The next step is to identify the current level of service (e.g. 25 acres of park for every 1,000 residents) provided in order to determine the need for future parks and open space and the extent to which new development contributes to that need. Impact fees cannot be used to finance existing deficiencies.

Therefore, an impact fee can only be used in a community with increasing population, and for providing open space to those new residents. Impact fees have traditionally been used to fund new sewer systems or road projects. Two examples of municipalities in Maine that have implemented impact fees for open space are the Town of Brunswick and the City of Saco with open space impact fees of $127 and $156 per new resident, respectively.[57] Like impact fees, the Town of Gorham (along with several others) has a Development Transfer Fee Ordinance. For projects located in a certain portion of Gorham's growth area, developers can pay a fee for increased density. The fees are then used for land conservation in rural portions of town.[58]

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[55] Me. Rev. State. Ann., Title 30-A, Section 4354

[56] Maine State Planning Office. Financing Infrastructure Improvements Through Impact Fees: A Manual for Maine Municipalities on the Design and Calculation of Development Impact Fees. January 2003.

[57] Town of Brunswick Open Space Impact Fee Methodology. Accessed at http://www.beginningwithhabitat.org/toolbox/finance_impactfee.html

[58] Personal communication with Bethany Atkins, Maine Dept. of Inland Fisheries and Wildlife http://www.beginningwithhabitat.org/contacts/

Impervious Surface Fees

States and municipalities may implement stormwater utility fees for pollution abatement, stormwater runoff management, water quality protection, habitat protection, and natural climate solutions. As of June 2022, there are 2,057 documented stormwater utilities within the United States.[59] These utilities vary significantly in terms of geographic and population size, payment structure, and management structure.

In recent decades, stormwater agencies have increasingly turned to stormwater fees, rather than property taxes alone, to meet some stormwater management costs. Stormwater fees are in effect in over 40 states nationwide. According to a 2014 study of stormwater utilities,[60] 71 percent of stormwater fees were charged to utility customers and appeared on monthly utility bills, while 29 percent were charged to property owners and appeared on property tax bills or separate bills.

Equivalent Residential Unit. The Equivalent Residential Unit (ERU) system is the most widely used method of funding. The ERU is a hybrid of the Flat Per-Parcel Fee and the Total Impervious Area methods.[61] Under this method, stormwater utilities determine the average impervious area for a single-family residence in the service area. All residential properties are generally charged the rate of one ERU, with each paying the same rate regardless of size. Other property types, such as commercial, industrial, and institutional, are charged based on actual measurements of impervious area, using ERUs as the unit of measurement.[62]

In newer communities where zoning has produced uniform development patterns, it is a common practice to group single-family homes together and charge a single fee to the entire class. Nationwide, the average monthly single-family residential fee was $6.01, and the median fee was $5.00 per month. Most fees go up over time reflecting an increase in the Consumer Price Index (CPI).

There are five stormwater utilities in Maine. Monthly fees have ranged from $1.83 in Bangor to $7.54 in Augusta. Funding typically goes into an enterprise fund that can only be used for stormwater purposes (operations, maintenance, replacement, and construction of the storm sewer system such as pipes, manholes, catch basins.) The stormwater utility fee could be used in more jurisdictions to fund land conservation.[63] The table below shows a snapshot of jurisdictions in Maine with stormwater utility fees.

No.	Community	State	Fee Type	ERU (ft²)	Monthly Fee	Year	Population	Ann. Rev.
670	Augusta	ME	E	2,700	$7.54		18,560	
671	Bangor	ME	E	3,000	$1.83	2012	33,011	
672	Lewiston	ME	D		$5.00	2006	35,690	
673	Long Creek Watershed	ME	D		$6.89	2010		$1,400,000
674	Portland	ME	E	1,200	$6.30			

The Long Creek Watershed Management District is a separate entity from the City of Portland and the fees assessed by each entity are for different purposes. The Portland fee is a general means for funding stormwater management in Portland. The Long Creek Watershed Management District assesses fees from dischargers within the Long Creek Watershed to implement the Long Creek Watershed Management Plan.

[59] Campbell, C. Warren, Dymond, Randel, Kea, Kandace, Dritschel, Amanda (2019). "The Western Kentucky University Stormwater Utility Survey 2022," Stormwater Utility Surveys, Bowling Green, Kentucky.

[60] Campbell, C. Warren, Dymond, Randel, Kea, Kandace, Dritschel, Amanda (2014). "The Western Kentucky University Stormwater Utility Survey 2014," Stormwater Utility Surveys, Bowling Green, Kentucky.

[61] *Total Impervious Area*. Under this method, a stormwater fee is calculated based on a property's impervious area alone.

[62] Beneath the Surface: A Primer on Stormwater Fees in New Orleans. Bureau of Government Research, February 2017.

[63] Fee Type "D" is a two-level commercial/residential system.

The Long Creek Watershed Management District was formed to implement the Long Creek Watershed Management Plan. As a permit condition of the General Permit, permittees must pay the Long Creek Watershed Management District an annual fee of $3,000 per acre of impervious surface, resulting in gross income of about $1.5 million annually. The revenue is used to fund habitat restoration, structural stormwater BMP, and non-structural stormwater BMP project in the Long Creek Watershed, which are identified in the Long Creek Watershed Management Plan.[64] The rate of $3,000 per acre rate has remained the same since the program's inception in 2010.[65]

Evaluating Funding Options

When evaluating the range of funding options available for parks and land conservation, it is helpful to keep several factors in mind. These funding evaluation factors include the following:

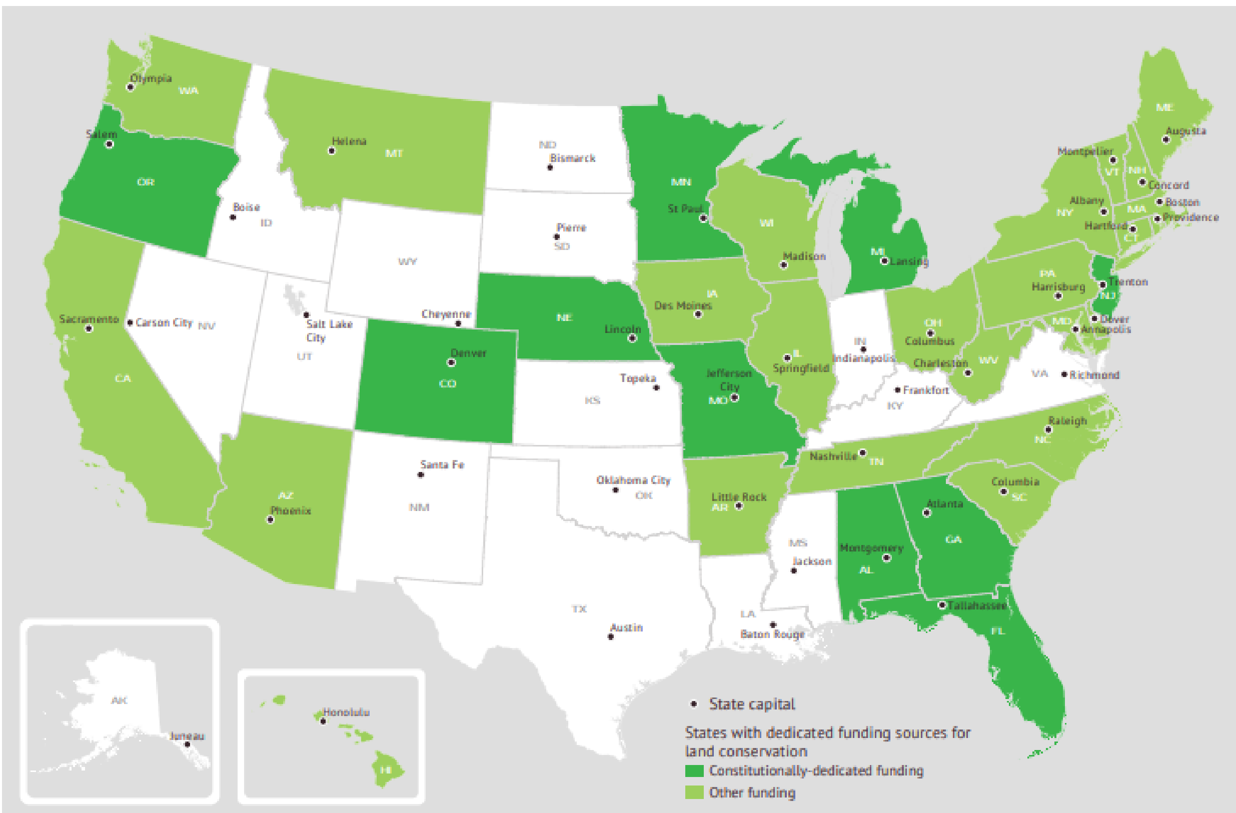
- **Nexus between funding source and land conservation:** Is there a natural linkage between the funding source and land conservation? While not essential, this is important to make the case for using these funds for land conservation efforts.
- **Revenue raising capacity:** Will the revenue source raise enough money to accomplish reasonable conservation objectives? Establishing a new funding source requires significant effort; it must generate adequate funding to warrant such an effort.
- **Reliability:** Will the source provide reliable funding, or will it suffer fluctuations due to the economy? Will it be subject to diversions to other emerging priorities?
- **Competition:** Are there other state agencies or programs competing for the same funding source?
- **Precedent:** Has another state used the intended funding option for land conservation? Has the state used the funding option for other services and programs? Breaking new ground can be challenging, but it is possible even if there is no precedent.
- **Political feasibility:** Is there a political champion who will lead the effort to establish a funding source? In states that have been successful in establishing dedicated funding for land conservation, political leadership has been essential. There is also the potential for sources of opposition and the ability to recognize them and work to overcome them.
- **Potential partners:** Can supporters of land conservation align themselves with other groups to mutually establish a new funding source (e.g., agriculture, sportsmen, water resource protection, recreation, outdoor industry, affordable housing)?
- **Equity**: Will the source have an inequitable impact on certain segments of the population? Can the impact be mitigated?

[64] http://www.restorelongcreek.org/CMSContent/documents/watershed-management-plan/Managment%20Plan.pdf
[65] Personal communication with Long Creek Watershed District

Appendices

Appendix A – State Conservation Funding Nationwide

At the heart of the most successful state parks and conservation programs is a substantial, long-term, and dedicated source of state revenue. With a reliable funding stream, a state government can establish meaningful conservation priorities that protect its most valuable resources, are geographically distributed, and meet important statewide goals. A state government with significant funds is also better positioned to secure federal and local funding and to attract commitments from private conservation programs and philanthropic partners—maximizing the impacts of state revenue.



States with dedicated funding sources for land conservation

PAST AND PRESENT

TRUST FOR PUBLIC LAND

Several funding sources can be woven together to protect open spaces, agricultural lands, forests, and water resources for public benefit. Generally, there are three types of broad-based revenue sources available to state governments to pay for conservation purposes: discretionary annual spending (i.e., budget appropriations), creation of dedicated funding streams such as voter-approved special taxes, and the issuance of bonds.

The financing options a state utilizes will depend on a variety of factors such as taxing capacity, budgetary resources, voter and legislator preferences, and political will. While many states can create funding for conservation through their budgetary process, this either happens infrequently or does not yield adequate or reliable funding.

Summary of Dedicated Funding by State	
Alabama*	**Funding Source(s): Oil and gas royalties (1992)** In 1992 and 2012, voters passed 20-year constitutional amendments funded by revenues from oil and gas operations for Alabama Forever Wild. Revenue is capped at $15 million per year. **(Through 2032)**
Arizona	**Funding Source(s): Lottery proceeds (1990), legislative appropriation (1998**) In 1990, voters dedicated up to $20 million annually in lottery funds for conservation. The legislature swept these funds in 2010 to balance the state budget. Also in 2010, voters successfully rejected an additional sweep of $20 million in annual appropriations for Growing Smarter, a grants program established in 1998. **(Perpetuity)**
Arkansas	**Funding Source(s): Real estate transfer tax (1987), sales tax (1996)** Two-thirds of the state's real estate transfer tax is dedicated to conservation, recreation, and historic preservation ($29.4 million in FY19). Revenue is distributed to the Arkansas Natural and Cultural Resources Grants and Trust Fund (80 percent, for grants for land acquisition and management, and historic preservation); the Parks and Tourism Fund Account (10 percent, for grants to cities and counties for outdoor recreation); and to the Historic Preservation Trust Fund (10 percent, for historic preservation and the Main Street program). **(Perpetuity)** A constitutional amendment passed in 1996 established the 1/8th cent Conservation Sales Tax, and distributes 45 percent of the net collections to the Game and Fish Commission (primarily for operating expenses, but may be used for land acquisition); 45 percent to the Department of Parks and Tourism (for operating expenses, construction, capital outlay, and maintenance); 9 percent to the Department of Arkansas Heritage (for operating expenses); and 1 percent to Keep Arkansas Beautiful (for operating expenses and advertising). (Total of $73.7 million in FY18.) **(Perpetuity)**
California	**Funding Source(s): Voter-approved bonds (since 1960s)** California has passed over $12 billion in voter approved conservation bond funds since 1996. A vehicle registration fee for funding state parks was rejected by voters in 2010. In 2018, voters approved a $4.1 billion bond for parks and conservation. **(20 years)**
Colorado*	**Funding Source(s): Lottery proceeds (1992)** Voters passed a constitutional amendment in 1992 that dedicates lottery revenues to fund Great Outdoors Colorado (GOCO). A 2001 ballot measure allowed GOCO $115 million in bonding authority. In 2018, the Colorado lottery was legislatively reauthorized through 2049. This reauthorization is projected to generate over $3.3 billion for GOCO. **(Through 2049)**
Connecticut	**Funding Source(s): Legislative bonds (multiple), deed recording fee (2005)** Funded by a deed recording fee, the Community Investment Act provides up to $10 million annually for open space and farmland. Additional funding comes from state bonds. **(Biennial appropriation)**

Summary of Dedicated Funding by State	
Delaware	**Funding Source(s): Real estate transfer tax (1986)** A real estate transfer tax provides $10 million in annual appropriations to the Delaware Agricultural Lands Preservation Program, plus an additional $10 million in annual appropriations to the Open Space Program. **(Annual appropriation)**
Florida*	**Funding Source(s): Documentary stamp tax (deed recording fee) (1990)** From 1990 to 2009, the state issued $300 million annually in revenue bonds, backed by the documentary stamp tax, for Preservation 2000 and Florida Forever. In 2009, the Legislature zeroed out funding for land acquisition. In 2014, an amendment to the Florida Constitution passed with 75 percent support, dedicating one-third of this funding source for twenty years, which is projected to generate $22 billion, for land conservation, management, and restoration. **(Through 2034)**
Georgia*	**Funding Source(s): Sporting goods sales tax (2018)** Georgia voters approved a constitutional amendment dedicating $200 million for local parks and conservation throughout the state. This measure passed overwhelmingly with 83 percent support. It has been 20 years since Georgia voters rejected a previous amendment to fund conservation. **(Through 2028)**
Hawaii	**Funding Source(s): Conveyance tax (real estate transfer tax) (2005)** The Legacy Land Conservation Program was created in 2005 to provide a funding infusion to state's Land Conservation Fund. Ten percent of conveyance tax revenues are earmarked for the program, about $4 million annually. **(Biennial appropriation)**
Illinois	**Funding Source(s): Real estate transfer tax (1986), legislative bonds** Primary funding comes from a statutorily dedicated state real estate transfer tax, a fee of $1 per $1,000 paid for property sold in the state. Most of this funding is typically swept to the state general fund, but at its peak, the tax generated $30 million annually. **(Annual appropriation)**
Iowa	**Funding Source(s): Legislative appropriations (1989)** The state legislature set conservation program funding at $10 million annually from the general fund. Voters approved a constitutional trust fund in 2010. However, a proposed sales tax increase to provide funding is pending legislative approval. **(Annual appropriation)**
Maine	**Funding Source(s): Voter approved bonds (1987)** Six bonds have been approved for Land for Maine's Future (LMF) since 1987, generating over $128 million. For 2022-2023 the state appropriated $40 million ($10 million a year for four years) to fund LMF. **(Periodic bonds: 1987, 1999, 2005, 2007, 2010, 2012)**
Maryland	**Funding Source(s): Real estate transfer tax (1969)** Maryland is one of the first states to fund land conservation through a dedicated real estate transfer tax and agricultural transfer tax. At full funding, the transfer tax could generate several hundred million dollars for Program Open Space, the state's primary conservation program. **(Annual appropriation)**

Summary of Dedicated Funding by State	
Massachusetts	**Funding Source(s): Legislative bonds (multiple), Registry of Deeds recording fee (2000)** The state legislature authorizes bond expenditures for conservation programs. The most recent bond in 2018 dedicated $487 million to land conservation and park programs over five years. This $2.2 billion bond also provides significant funding for natural climate solutions (mitigation) and climate resiliency programs. **(Five years)** Revenue from a Registry of Deeds recording fee established in 2000 and increased in 2019 generates about $83 million for the state Community Preservation Trust Fund. **(Perpetuity)**
Michigan*	**Funding Source(s): Royalties on sale and lease of mineral rights (1976)** Voters passed a constitutional amendment, the Michigan Natural Resources Trust Fund Act, in 1984, creating a dedicated revenue source through oil and gas leases. About $30 million is generated annually. In 2020, Michigan voters approved a constitutional amendment lifting the cap on the Trust Fund. **(Perpetuity)**
Minnesota*	**Funding Source(s): Lottery (1990), sales tax (2008), legislative bonds** Minnesota voters have approved three constitutional amendments dedicating funds for conservation. Lottery proceeds were approved in 1990 and 1998 for the Environment and Natural Resources Trust Fund, and a sales tax increase (Clean Water, Land, and Legacy Act) was approved in 2008. The sales tax is expected to generate over $5.5 billion over 25 years. **(Lottery through 2024 and sales tax through 2034)**
Missouri*	**Funding Source(s): Voter approved sales taxes (1976, 1984)** Voters passed a permanent constitutionally dedicated 1/8th of one-percent sales tax in 1976, which generated $120.9 million in FY19, and may be used for land conservation. **(Perpetuity)** Voters also approved a constitutional amendment for a 1/10th of one-percent sales tax for parks, soils and water in 1984, which generates approximately $90 million annually, and may be used for acquisition of state parks and state historic sites. Voters must approve the tax every 10 years; it was last reauthorized in 2016. **(10 years; next vote in 2026)**
Montana	**Funding Source(s): Marijuana tax (2020)** In November 2020, voters passed a 20 percent tax on non-medical marijuana, expected to generate up to $57 million annually. Approximately $16 million of this funding will be used for conservation and parks annually. **(Perpetuity)**
Nebraska*	**Funding Source(s): Voter approved lottery funds (1992)** In 1992, voters approved a constitutional amendment to create the Nebraska Lottery. A portion of the proceeds goes to the Nebraska Environmental Trust ($20.5 million in FY18-19). These funds provide grants for habitat and surface/ground water preservation, among other purposes. **(Perpetuity)**

Summary of Dedicated Funding by State	
New Hampshire	**Funding Source(s): Legislative appropriations (multiple), deed-recording fee (2007)** The legislature passed a $25 deed fee on all documents recorded at county deed registries in 2007. In FY12-13, nearly all Land and Community Heritage Investment Program (LCHIP) funding was diverted to the general fund, which was restored in FY14. Annual funding averages $4.1 million annually. The New Hampshire Drinking Water and Groundwater Trust Fund was established in 2016 via a settlement with ExxonMobil, with $50 million dedicated for source water protection. **(Annual appropriation)**
New Jersey*	**Funding Source(s): Voter approved bonds (multiple), sales tax (1998), corporate business tax (2014)** Between 1961 and 2009, voters approved 13 bonds for parks, open, space and farms generating over $1.6 billion. In 1998, voters approved a constitutional amendment dedicating $98 million annually for 30 years from the state sales tax to the new Garden State Preservation Trust. In 2014, 65 percent of voters approved a constitutional amendment permanently dedicating a portion of the corporate business tax to land conservation, which is expected to generate $7.5 billion over twenty years. **(Perpetuity)**
New York	**Funding Source(s): Real estate transfer tax (1993), voter-approved bond (1996)** A statewide real estate transfer tax supports the Environmental Protection Fund (EPF), that funds in part land conservation. In 2007, the state legislature approved $300 million annually; EPF funding levels have been about $300 million or more per year. Voters passed a $1.75 billion clean air and clean water bond act in 1996, which has been expended. **(Annual appropriation)**
North Carolina	**Funding Source(s): Legislative appropriations, real estate transfer tax (1987)** Statutorily dedicated real estate transfer tax was lost in 2012. Three trust funds receive funding through budget appropriations. The FY21-23 biennial budget provides major one-time increases in funding which may be used for conservation: $101 million to the Land and Water Fund (in addition to $26.4 million recurring), plus $15 million specifically for projects to protect and restore floodplains; $91 million to the Parks and Recreation Trust Fund (in addition to $32.4 million recurring); and $16 million to the Farmland Preservation Trust Fund (in addition to $1.34 million recurring). **(Biennial appropriation)**
Ohio	**Funding Source(s): Voter approved bonds (2000, 2008)** In 2000 and 2008, voters approved constitutional amendments that secured $800 million in bond funding for the Clean Ohio Fund. The voter-approved bonds have been spent and the program is now funded through the state capital appropriations bill. **(Biennial appropriation)**
Oregon*	**Funding Source(s): Voter approved lottery proceeds (1998)** In 1998, voters approved a fifteen-year constitutional amendment that secured a portion of lottery funding for conservation purposes. In 2010, voters reaffirmed that commitment in perpetuity. Proceeds are expected to generate $1.74 billion over the next twenty years. **(Perpetuity)**

Summary of Dedicated Funding by State	
Pennsylvania	**Funding Source(s): Real estate transfer tax (1993), cigarette tax (1988), voter approved bonds (1993, 2005), tipping fee (2002), impact fees (2012)** The Keystone and Growing Greener programs have been funded by direct appropriations, a portion of the real estate transfer tax, a state tipping fee, and several voter-approved bonds. In 2005, voters approved the $625 million Growing Greener II bonds. In 2012, the state General Assembly passed legislation authorizing certain counties to impose an impact fee on natural gas wells. This fee generated almost $224 million in 2014. **(Annual appropriation)**
Rhode Island	**Funding Source(s): Voter approved bonds (1989-2021)** Since 1989, voters have passed 15 general obligation bonds to fund state land acquisition, generating nearly $243 million, including most recently a $74 million "Beach, Clean Water, and Green Bond" in March 2021. **(Periodic bonds)**
South Carolina	**Funding Source(s): Real estate transfer tax (1986**) The Conservation Bank receives $9 million per year through a portion of the real estate transfer tax. An additional eight percent of transfer tax revenue goes to the Heritage Fund ($1.30 per $500 of value goes to the state; $0.10 is allocated to the Fund). Advocates were successful is securing reauthorization of the Conservation Bank in 2018. **(Annual appropriation)**
Tennessee	**Funding Source(s): Real estate transfer tax (1986)** Tennessee charges a real estate transfer tax of $0.37 per $100 on the value of property, $0.29 goes to the state general fund. The remaining $0.08 – about $25 million annually – is dedicated to four state conservation funds. **(Annual appropriation)**
Vermont	**Funding Source(s): Real estate transfer tax (1988)** Since 1988, the Vermont Housing and Conservation Board (VHCB) is funded by real estate transfer tax revenue along with bonds and general fund appropriations. The transfer tax generated about $7 million for VHCB land conservation programs in 2016. **(Annual appropriation)**
Washington	**Funding Source(s): Legislative bonds and appropriations (1989)** Biennial legislative approval of bonds and general appropriations provides the majority of funding for state land conservation programs. Appropriations to the Washington Wildlife and Recreation Program range from $45 million to $100 million per biennium. **(Biennial appropriation)**
West Virginia	**Funding Source(s): Deed recording fee (2008)** The Outdoor Heritage Conservation Fund was established in 2008. The fund receives approximately $800,000 annually from a dedicated $9 fee paid on deed recordings. **(Annual appropriation)**
Wisconsin	**Funding Source(s): Legislative bonds (1989)** In 2010, the state conservation program was reauthorized through 2020 with $86 million per year in general bonding authority to support the Department of Natural Resources, nonprofits, and local governments. This funding was reduced in 2011, and land acquisitions halted. In 2021, funding was reauthorized at $32 million annually for four years. **(Biennial appropriation)**

In the table above, an asterisk (*) indicates states with dedicated funding through a constitutional amendment.

Appendix B – Existing Conservation Funding in Other States

Statewide Conservation Funding

The foundation for an effective state conservation program is strong fiscal commitment on the part of state government through a stable and reliable revenue source. The presence of dedicated revenue for conservation is, in fact, one of the best predictors of program success.

Some existing state programs rely on a single dedicated revenue stream, while others use a combination of revenue sources. Commonly utilized revenue sources across the country are general obligation bonds, general fund appropriations, lottery proceeds, sales taxes, real estate transfer taxes, and deed-recording fees. In addition to these more common state revenue sources, other revenue sources include oil and gas revenues, license plate revenues, hunting and fishing license fees, hotel/motel taxes, cigarette taxes, and state income taxes.

Since 1996, 51 of 59 statewide conservation finance measures placed on the ballot—more than 86 percent—have been approved around the country. Many state conservation funding programs are created with voter approval. Others are funded through the legislative process.

Common Revenue Streams for State Conservation Programs	
Revenue Stream	**State Examples**
Bonds	California, Colorado, Maine, Massachusetts, Nevada, New Jersey, Ohio, Pennsylvania, Rhode Island, Virginia, Wisconsin
Budget appropriations	Arizona, North Carolina, Washington
Carbon	Colorado, Washington
Deed recording fees	Connecticut, Massachusetts, New Hampshire, West Virginia
Lottery	Colorado, Maine, Minnesota, Nebraska, Oregon
Real estate transfer tax	Florida, Maryland, Massachusetts, South Carolina, Vermont
Recreational marijuana tax	California, Montana
Sales tax	Arkansas, Georgia, Iowa, Minnesota, Missouri, New Jersey, Texas
Sporting goods tax	Georgia, Texas, Virginia
Sports betting	Colorado, Delaware, New Hampshire, New York, Pennsylvania, Rhode Island
Water fees	Rhode Island
Wind power	Louisiana, Massachusetts, Rhode Island
Constitutional amendment	Alabama, Arkansas, Colorado, Florida, Michigan, Minnesota, Missouri, Nebraska, New Jersey, Ohio, Oregon, South Carolina
Source: Trust for Public Land's Conservation Almanac	

Local Conservation Funding

Federal and state conservation programs are limited, in high demand, and by themselves cannot meet land conservation needs. Accordingly, state-enabling legislation that allows communities to fill in the gaps for land conservation funding is crucial. When states provide local governments with the legal authority to tax and dedicate revenues for land conservation, local dollars and local control are expanded. Common local financing options include the property tax, local option sales tax, general obligation bonds, real estate transfer taxes, special assessment district fees, and budget appropriations.

Common Revenue Streams for Local Conservation Programs	
Revenue Stream	**State Examples**
Bonds	Arizona, California, Colorado, Montana, New Mexico, Utah
Income tax	Pennsylvania
Property tax	Washington, New Jersey, Massachusetts
Real estate excise tax or fees	Washington, Maryland, New York
Sales tax	Arizona, Colorado, Florida, New Mexico
Source: Trust for Public Land's Conservation Almanac	

Generally, states provide local governments with the legal authority to tax and dedicate revenues for land conservation and natural resource protection. Other options may be available such as sales taxes, which require approval by the state legislature. States that have enabled expanded local financing options and provided state incentives, such as Massachusetts and New Jersey, have seen significant increases in the number of local jurisdictions that have undertaken or improved open space planning and established their own local funding programs, making them important partners in reaching statewide goals.

For example, passed in 1989, New Jersey enables counties and municipalities to raise additional local funds by establishing voter-approved Open Space Trust Funds supported by local property taxes. All 21 counties and over 250 municipalities in New Jersey have established an Open Space Trust Fund via referendum. The tax may be levied at any amount. Colorado's Open Space Sales Tax Exemption, passed in 2007, gives counties the authority to seek voter approval of a sales and use tax to fund open space programs. These open space programs fund projects that conserve and maintain natural areas, water quality, wildlife habitat, open space, and working farms and ranches. This program is a resource for financially constrained county governments who recognize the need to create conservation programs. There is no cap on the tax.

In 2022, local voters of all political stripes approved 67 of the 77 local conservation measures on ballots nationwide, generating $5.1 billion in new land conservation and natural climate solution funding, continuing a rate of success that has been consistent since 1996.

Examples nationally show consistent support for conservation measures in both urban and rural areas. In 2018, Chaffee County, Colorado voters supported a sales tax increase for farmland and forest protection. The measure will generate over $1.1 million annually in a county that is over 80 percent forested federal lands. In addition, voters in all 159 counties in Georgia supported the Georgia Outdoor Stewardship Act with 83 percent support, reallocating a portion of existing sales tax revenue to conservation. 108 of these counties are described as "rural."

Local Conservation Ballot Measures 1996-Present					
Finance Mechanism	**Number of Measures**	**# of Measures Passed**	**% of Measures Passed**	**Total Funds Approved**	**Conservation Funds Approved**
Property tax	1208	878	73%	$21,794,878,528	18,281,381,360
Bond	976	818	84%	$28,131,440,348	$15,956,049,140
Sales tax	224	169	75%	$63,117,425,375	$15,039,187,482
Other	115	87	76%	$17,029,764,148	$7,374,808,287
Income tax	100	72	72%	$730,659,012	$531,759,012
Real estate transfer tax	38	32	84%	$3,153,759,354	$3,148,107,886
Total	**2661**	**2056**	**77%**	**$133,957,926,765**	**$60,331,293,167**
Source: Trust for Public Land's LandVote® database					

State and Local Sources of Conservation Funding

Bonds

California

In June 2018, California voters approved a $4.1 billion bond (Proposition 68) with 58 percent support. The bond is dedicated to conservation, park and climate programs, and funds state and local parks, environmental protection and restoration projects, water infrastructure and flood protection projects. This is one of the few funding measures that has explicitly dedicated funds to the effects of climate change. The Healthy Soils Program (HSP) is funded by Proposition 68 and California Climate Investments, a statewide program that puts billions of Cap-and-Trade dollars to work reducing greenhouse gas emissions, strengthening the economy, and improving public health and the environment — particularly in disadvantaged communities.

Maine

Since 1987, voters in Maine have approved seven bond measures (1987, 1999, 2005, 2007, 2010, and 2012), generating over $135 million total for land conservation and related programs. The Land for Maine's Future program (LMF) provides funding in three groupings: Conservation and recreation; farmland; water access.[66] Since inception, LMF Has protected more than 600,000 acres, including 40 farms, more than 300,000 acres of working forestlands and 1,200 miles of shoreline.[67] In recent years, the program has been subject to significant cuts to the amount of funding with Governor LePage blocking any release of voter approved funds in 2015. Some restoration of funding resumed and in 2017, roughly $2.1 million of the $15

66 www.conservationalmanac.org
67 www.landformainesfuture.org

million authorized in 2010 and 2012 was made available for projects.[68] In 2021, the Maine legislature approved a two-year state budget that includes $40 million for the LMF program.

The most common local funding option for open space conservation in Maine is general obligation bonds.

Massachusetts

In addition to the state environmental bond approved in 2018, in July 2019, the Massachusetts House of Representatives unanimously approved "GreenWorks" legislation. Modeled after the state's MassWorks program, GreenWorks is a $1.29 billion bond bill aimed at making significant investments in resiliency, clean energy, and energy efficiency. The legislation establishes a 10-year grant program to fund clean energy, energy efficiency, and climate change resiliency measures that cut greenhouse gas emissions, fortify infrastructure and reduce municipal costs. This legislation did not pass during the session.

Wisconsin

Wisconsin's Knowles-Nelson Stewardship Fund[69] uses general obligation bonds to fund land conservation. When the program was first established in 1989, it was funded at $23.1 million per year. In 2000, it was re-authorized to be funded at $46 million per year, and in 2002, funding was increased to $60 million per year. In 2007, Governor Doyle re-authorized the Knowles-Nelson Stewardship Fund through 2020.

Beginning in 2010 program funding was to increase from $60 million to $86 million per year in general bonding authority to support and ensure continued conservation by the Department of Natural Resources (DNR), nonprofit conservation organizations, and local governments. However, its annual bonding has been cut in the last few years from $86 million to $33.25 million.

In early 2015, the Wisconsin Governor placed a moratorium on land conservation under the Knowles-Nelson program, limiting funding to property development, including repair and maintenance of roads and boat access sites, and the renovation of a fish hatchery. After advocacy from conservation organizations, the Joint Committee on Finance voted to restore funding for land acquisition in 2015.[70]

The 2015-2017 funding for the Stewardship program was set at $33.5 million per year, including $9 million for Department of Natural Resources land acquisition, $7 million for Nonprofit Conservation Organizations (land trusts), and $6 million for Local Governments.71 In 2021, funding was reauthorized at $32 million annually for four years.

Fifty percent of the funds available in the Local Assistance Program are set aside for projects that improve community recreation areas and acquire land for public outdoor recreation. Twenty percent of the funds available in the Local Assistance Program are set aside for the Urban Rivers Program.

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[68] www.maine.gov/dacf/lmf/
[69] https://wispolicyforum.org/wp-content/uploads/2023/03/ThisLandIsOurLand_FullReport.pdf
[70] http://gatheringwaters.org/conservation-policy/knowles-nelson-stewardship-fund/land-trust-community-applauds-the-joint-committee-on-finance-for-restoring/
[71] http://gatheringwaters.org/conservation-policy/knowles-nelson-stewardship-fund/land-trust-community-applauds-the-joint-committee-on-finance-for-restoring/

Carbon

Colorado[72]

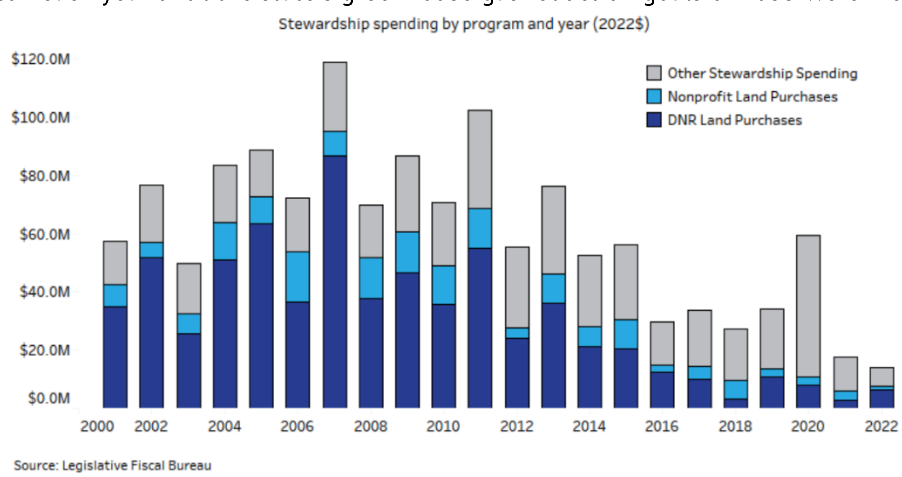
In 2006, Boulder, Colorado passed the country's first local carbon tax, in the form of the Climate Action Plan (CAP) Tax. The CAP tax is levied on city residents and businesses, based on the amount of electricity they consume, the utility, Xcel Energy. charges consumers in their monthly utility bills. Consumers receive rate deductions for using electricity from renewable sources, particularly for utilizing Xcel's Wind Source program. Rates vary depending on the sector and cost an average family about $21 a year. In total, the CAP tax generates about $1.8 million in annual revenue.[73] Proceeds are directed to the city's Office of Environmental Affairs to fund programs that reduce greenhouse gas emissions, such as weatherization efforts, sustainability projects, and solar rebates. Profits could also go towards conservation, restoration, land management actions and other natural climate solutions.

In November 2022, Boulder voters approved authorizing the City Council to replace the existing utility occupation tax and climate action plan excise tax with a new climate tax beginning Jan. 1, 2023, and expiring Dec. 31, 2040. The tax will raise $6.5 million per year to fund city-level climate resilience efforts that center equity and work toward systems change in and beyond Boulder. This is a tax on energy consumption — electricity *and* natural gas — and the city is restructuring the rates so that businesses pay more, and homeowners pay less. It would cost the average homeowner an additional $50 per year.[74]

Washington[75]

To date, no states have passed a statewide carbon tax. Ballot Initiative 732 in 2016 and 1631 in 2018 would have made Washington the first U.S. state with a carbon tax. According to the latest data published in 2018, Washington ranked 26th in carbon emissions nationwide.[76]

Initiative 1631 would have enacted a carbon emissions fee on large emitters based on the carbon content of fossil fuels sold or used in the state and electricity generated in or imported for use in the state. The fee would have been $15 per metric ton of carbon beginning on January 1, 2020, and would have increased by $2 per metric ton each year until the state's greenhouse gas reduction goals of 2035 were met and the 2050 goals were on track to be met. Revenue from the fee would have gone into three funds: (1) for air quality and energy programs and projects, (2) for water



[72] "Boulders climate action plan (CAP). Boulder public health and safety climate.
[73] https://www-static.bouldercolorado.gov/docs/CAP_document_2017_updated_FINAL-1-201709121536.pdf?_ga=2.123802120.38399057.1517344873-1460474048.1517344873
[74] https://bouldercolorado.gov/climate-tax-frequently-asked-questions#:~:text=What%20is%20the%20tax%20rate,electricity%20and%20natural%20gas%20bills.
[75] Excerpted from Ballotpedia.org https://ballotpedia.org/Washington_Initiative_1631,_Carbon_Emissions_Fee_Measure_(2018)
[76] https://www.eia.gov/environment/emissions/state/analysis/pdf/stateanalysis.pdf

quality and forest health projects, and (3) for investments related to communities.

Under Washington law, this measure was a fee and *not* a tax, because the revenue could not have been spent on government expenses or public programs; rather, it would have been dedicated to specific accounts related to investing in climate and environmental projects. This measure would have raised almost $2.3 billion in its first five fiscal years. It failed in November 2018 at the ballot with 57 percent voting against.

Specific to natural climate solutions, the measure would have dedicated 25 percent of revenue to the clean water and healthy forests account for investments related to water and forests such as programs, activities, or projects that:

- Restore and protect fisheries and marine habitats;
- Reduce flood risks and prepare for a rise in sea level; and
- Increase water supply.

A clean water and healthy forests panel would have been created and tasked with providing detailed recommendations to the public oversight board regarding investments and other matters related to water and forest programs.

Early Efforts in Other States

Carbon bills have been introduced and re-introduced in over eighteen state legislatures including Maryland, Washington, New York, Hawaii, Rhode Island, Vermont, Massachusetts and Maine. Proposals to study a carbon tax have been introduced in New Mexico, New York, New Hampshire, and Vermont.[77]

Deed Recording Fees

Connecticut[78]

Enacted in 2005 (Public Act 05-228), the Community Investment Act (CIA) established what has become Connecticut's primary source of dedicated funding to conserve open space, protect farmland, maintain historic properties and supplement affordable housing projects. CIA funds accrue from a $40 recording fee collected on every real-estate transaction in the state. This fee income is then distributed by formula to town clerks and the state agencies administering the qualified programs. This program has also faced legislative raids.

In 2015, the Legislature passed a measure to divert fifty percent of recording fee revenue from reaching the CIA accounts, an action that, per formula, resulted in a 70 percent cut in funding in the four core program areas.

In 2016, the final budget agreement swept unallocated funds from the CIA accounts to remedy general revenue shortfalls. Agencies were forced to work with reduced fund balances that restricted the timing and volume of program activity, resulting in a growing list of unfunded needs and projects across the state.

In 2017, although full funding was restored July 1, the CIA account once again suffered a $5 million cut in each year of the biennium as part of deficit mitigation adjustments at the end of the special session.

Through over 1,400 projects, $152 million has supported conservation efforts, farming, affordable housing and the revitalization of historic buildings.

[77] https://climate-xchange.org/network/
[78] https://communityinvestmentact.org/

Massachusetts

In 2019, the Massachusetts Legislature voted to increase the Community Preservation Act (CPA) fee at the state's Registries of Deeds from $20 per document to $50, bringing an additional $36 million in annual revenue to the CPA Trust Fund. When combined with the current registry fees and the CPA municipal property tax surcharge, annual funding for CPA reached $289 million in 2022.[79]

New Hampshire

New Hampshire funds its Land and Community Heritage Investment Program (LCHIP) with a $25 deed-recording fee that began in 2008. LCHIP is an independent state authority that provides matching grants to New Hampshire communities and non-profits to conserve the state's most important natural, cultural and historic resources. The deed-recording fee generates about $4.5 million annually but has been subjected to budgetary raids by the state Legislature. In FY22 LCHIP received full funding totaling about $5.2 million due to the active real estate market.

In 2019, a bill was introduced to increase the fee paid during real estate transfers by $10 to generate an additional $1.5 million per year for the Land and Community Heritage Investment Program. Governor Sununu vetoed the bill saying he would favor a voluntary opt-in, rather than a mandatory fee increase.

Lottery

Colorado

In 1992, Colorado voters made the decision to distribute profits from the sale of lottery products according to this formula: 50 percent to the Great Outdoors Colorado (GOCO) Trust Fund, 40 percent to the Conservation Trust Fund, and 10 percent to Colorado Parks and Wildlife. GOCO funds are capped at $35 million in 1992 dollars, adjusted for inflation, and funds that exceed the GOCO cap go to the Colorado Department of Education, Public School Capital Construction Assistance Fund. In FY 2018 the GOCO cap was $66.2 million.[80] GOCO funds operation budgets; infrastructure improvements such as education centers and playgrounds; trail maintenance; land restoration; and culturally relevant programming.

In 2018, the Colorado legislature reauthorized the Colorado Lottery, which last year generated $135 million for parks, trails, playgrounds, open space, and conservation, through the year 2049. Lottery proceeds are distributed through the Great Outdoors Colorado Trust Fund ($63.7 million last year), Colorado Parks and Wildlife ($14.3 million last year) and the local Conservation Trust Fund (CTF) ($57 million last year). CTF funds are distributed on a per capita basis to towns, counties, cities, and special districts for parks and recreation. Based upon 2017 numbers, the 25-year extension could potentially generate $3.375 billion.

Maine

The Maine Outdoor Heritage Fund is supported by a small percentage of the total proceeds from scratch-off lottery tickets. Funds are allocated to habitat conservation, land acquisition, and endangered species projects. The proceeds from scratch ticket sales generally total approximately $700,000 annually. The Heritage Fund receives 24 percent of the scratch ticket revenue for conservation-related grants.

Minnesota

In Minnesota, 40 percent of lottery proceeds goes to the Environment and Natural Resources Trust Fund (ENRTF), which finances environment and natural resources projects across the entire state. A 6.5 percent in-

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[79] http://www.communitypreservation.org/content/cpa-overview;
[80] Colorado Lottery, Funding The Way Colorado Plays, https://www.coloradolottery.com/en/about/giving-back/

lieu-of-sales tax is directed to the Game and Fish Fund and Natural Resources Fund for fish and game, parks, trails, and zoos. The ENRTF has received more than $827 million since the lottery's inception in 1988.[81]

In November 1988, Minnesota voters passed a constitutional amendment (with 81 percent support) that permanently established the Environment and Natural Resources Trust Fund (Trust Fund).[82] The Trust Fund supports projects with the public purpose of protection, conservation, preservation, and enhancement of the state's air, water land, fish, wildlife, and other natural resources. The Trust Fund receives support through lottery proceeds for land conservation. In November 1990, voters (again with 81 percent support) approved dedication of 40 percent of net lottery proceeds to the Trust Fund through December 2000. In 1998, voters (77 percent support) passed another constitutional amendment extending the dedication through December 2024. Funds may also be generated through private donations. Once deposited into the Trust Fund, contributions become part of the balance and are invested in a combination of stocks and bonds. The income generated from these investments is reinvested back into the Trust Fund.

Trust Fund proceeds are appropriated to individual projects by the Minnesota Legislature, based upon recommendations of the Legislative-Citizen Commission on Minnesota Resources (LCCMR). LCCMR members review, evaluate, and rank all submitted proposals. The Commission then decides upon a selection of proposals to recommend for funding. The lottery is an important source of funds for conservation, it currently returns about $44 million[83] per year to the Trust Fund out of $740 million in total FY22 annual receipts.

In its 2023 session, the Minnesota legislature referred a constitutional amendment extending state lottery funding for conservation to the November 2024 statewide ballot. If approved by the voters, the measure would also create a new community grants program to increase funding for equity related projects.[84]

Nebraska

The Nebraska Environmental Trust (NET) receives 44.5 percent of the profits of the Nebraska Lottery. Since 1993 the NET has received more than $310 million for wildlife habitat, water quality, lakes, recycling, environmental education, urban greening, and carbon management.[85]

In 1992, Nebraska voters approved a constitutional amendment that created the Nebraska Lottery and the Environmental Trust. 44.5 percent of lottery revenues are to be used for environmental protection purposes. In FY17, the Trust Fund received $18.1 million in lottery proceeds. The lottery has transferred more than $280 million to the Trust in the last 24 years.[86] Trust Fund revenue currently supports grants for habitat, surface and ground water, waste management, air quality, and soil management.[87]

Oregon

In 1998, voters approved a ballot measure that dedicates 15 percent of net lottery proceeds to a Parks and Natural Resources Fund. Revenue allocated to the Fund is divided equally between state parks and watershed enhancement (e.g., floodplain enhancement). This source provides substantial funding for land conservation, restoration, and state parks projects.[88] In FY17 it generated over $180 million for these purposes. Prior to the passage of this measure, all lottery proceeds benefited K-12 schools and economic

[81] Minnesota Lottery, General Lottery FAQ, https://www.mnlottery.com/about-the-lottery/faq/frequently-asked-questions
[82] Minnesota Constitution Art. XI, Sec.14

[83] Trust Fund funding only applies to the "net proceeds" ($110M in FY22)
[84] https://www.minnpost.com/environment/2023/04/future-of-minnesota-environment-funding-state-lottery-could-be-on-your-ballot-in-2024/
[85] Nebraska Lottery, Beneficiary Breakdown, https://nelottery.com/halfbillion/
[86] "2017 Annual Report." Nebraska Environmental Trust." Accessed September 2018. http://www.environmentaltrust.org/publications/annual%20reports/2017%20Annual%20Report.pdf
[87] "Our Priorities." Nebraska Environmental Trust. Accessed June 20, 2017. http://environmentaltrust.org/about/our_priorities.html
[88] 2009 ORS 541.377

development. In November 2010, Oregon voters approved Measure 76 with 69 percent support, which permanently extended the lottery dedications first approved in 1998, as that authorization was set to expire at the end of 2014.

Measure 76 was citizen-initiated: close to 200,000 signatures were submitted to the secretary of state. Lottery money also spurred a public-private effort to restore streams, wetlands and critical habitats for salmon, other fish and other wildlife.

Real Estate Transfer Tax

Florida

In November 2014, voters in Florida approved a constitutional amendment for a 20-year dedication of 1/3rd of existing revenue generated by the state's documentary stamp tax, Florida's RETT, to fund land conservation, management, and restoration. The measure is expected to raise $20 billion and passed with 75 percent support. Prior to the passage of the constitutional amendment in 2014, the documentary stamp tax was the funding mechanism used to provide debt service for annual Florida Forever revenue bonds approved by the Legislature.

Massachusetts

In January 2019, Massachusetts Governor Baker proposed a new source of funding for climate resiliency projects (which include natural climate solutions) to be funded by an increase in the state's real estate transfer tax. Currently, the state imposes a tax on any transfer of real estate ownership, equal to $4.56 per $1,000 of property value. The transfer tax is levied on the seller. Governor Baker's recommendation would raise that rate to $6.84 per $1,000 of property value. According to the Baker Administration, this would raise between $130 million and $150 million per year that would be allocated toward a state-managed fund to address climate change. The measure did not end up making it out of the legislative session.

Vermont

The Vermont property transfer tax was implemented in 1967. The rate on the first $100,000 of principal residences increased from 0.1 percent to 0.5 percent in 1969, and the standard rate increased from 1 percent to 1.25 percent in 1993. The 1.25 percent rate is applied in full to the value greater than $100,000 for principal residences and to commercial properties and second homes.[89]

A clean water surcharge was established in 2015 to provide initial seed funding for three years for the state's Clean Water Fund (the clean water surcharge is assessed separately). The 0.2 percent surcharge applies to the full value of non-principal residences transferred to the marginal value greater than $100,000 for a principal residence[90] and to the marginal value greater than $200,000 for a principal residence purchased with Vermont Housing Financing Agency, Vermont Housing and Conservation Trust Fund, or U.S. Department of Agriculture assistance.

The property transfer tax and the clean water surcharge are separate assessments. For the property transfer tax, one percent is first deposited in the Property Valuation and Review administration fund (32 VSA §9610). The remaining amount is then supposed[91] to be split between three sources in the following manner:

[89] It is applied at the 1.25 percent rate on the value of a principal residence greater than $110,000 for those properties purchased with USDA, VHFA, and VCTF assistance.
[90]Also applies to the marginal value greater than $200,000 for a principal residence purchased with VHF, VCTF, or USDA assistance.
[91] VHCB is currently allocated about 25 percent, the General Fund is at 66 percent, and Municipal and Regional Planning is roughly at 9 percent.

- 50 percent is applied to the Vermont Housing and Conservation Trust Fund[92], approximately $38.8 million in FY22.
- 33 percent goes to the General Fund [93], approximately $25 million in FY22.
- 17 percent is applied to the Municipal and Regional Planning Fund[94], approximately $13 million in FY22.

Vermont's clean water funding comprises Capital Funds and the Clean Water Fund with revenue from the Meals and Rooms Tax Allocation, Property Transfer Tax Surcharge and unclaimed bottle deposits. Recommendations for how state Clean Water Funding is allocated are made by a Clean Water Board, with representation from five state agency secretaries: Administration; Agriculture, Food and Markets; Commerce and Community Development; Natural Resources; and Transportation. In addition, four members of the public are appointed by the Governor.

Clean Water Funds have been recommended in FY22 to fund the following:

Farm Agronomic Practices (FAP) Program which utilizes state funding to help Vermont farms implement soil-based agronomic practices that improve soil quality, soil health, increase crop production, and reduce erosion and agricultural waste discharges.

The Agricultural Clean Water Initiative Program (Ag-CWIP) which develops and supports the continual improvement of water quality across the state of Vermont by supporting organizations to provide farmers with education and outreach, technical assistance, identifying and implementing BMPs, planning, and more.

Recreational Marijuana Tax

California

California dedicates a portion of its marijuana revenue to environmental programs through the Departments of Fish and Wildlife and Parks and Recreation Department to clean up and prevent damage from illegal marijuana cultivation. In November 2022, 57 percent of Montanans said yes to two statewide measures to legalize and tax recreational marijuana. I-190 allocates 50 percent of the tax proceeds to land conservation and CI-118 is a constitutional amendment to ensure that only adults aged 21 years and older can purchase. These initiatives are projected to generate $360 million over twenty years for land conservation in Montana. This revenue source is included in this report due to its potential to generate substantial amounts of revenue, although revenue is usually dedicated to public safety and substance abuse prevention efforts. See Appendix __ for additional examples from other states.

In November 2016, California voters approved Proposition 64, which legalized personal marijuana use and implemented a state tax on marijuana sales. As of January 2018, marijuana sales will include a 15 percent excise tax. The California Legislative Analyst's office stated that the amount of excise tax revenue is uncertain due to many economic and regulatory factors.[95] As such, the office estimated that additional tax revenues could range from "high hundreds of millions of dollars to over $1 billion annually" and could reduce criminal justice costs by tens of millions of dollars annually.[96] The most recent quarter of data came out in May 2019, providing five quarters in all. Since January 2018, total cannabis tax revenue to date is $4.6

[92] 10 VSA §312
[93] 32 VSA §435(b)(10)
[94] 24 VSA §4306(a)
[95] Proposition 64 Revenues." California Legislative Analyst's Office. February 16, 2017. Accessed June 20, 2017. http://www.lao.ca.gov/handouts/crimjust/2017/Proposition-64-Revenues-021617.pdf
[96] "Proposition 64." California Legislative Analyst's Office. November 8, 2016. Accessed June 20, 2017. http://www.lao.ca.gov/BallotAnalysis/Proposition?number=64&year=2016

billion, including $2.3 billion in cannabis excise tax, $1.8 billion in sales tax. That also includes $501.3 million in cultivation tax, which was eliminated July 1, 2022 as a result of cannabis tax reform legislation.[97]

The measure makes specific allowances for state programs totaling $65 million and allocates remaining revenue to various purposes, including 20 percent to clean up and prevent environmental damages resulting from the illegal growing of marijuana. Revenue is placed into an Environmental Restoration and Protection Account managed by the Department of Fish and Wildlife and Department of Parks and Recreation.[98] A majority vote of the legislature could modify the programs funded with a majority vote beginning in 2028-29.

Montana

In the summer of 2020, signatures of Montana residents were gathered for two complimentary measures:[99]

- CI-118: Constitutional amendment that allows Montana state law to set a minimum age of 21 for purchasing, consuming, or possessing marijuana; and
- I-190: Statutory initiative that legalizes, regulates, and taxes marijuana.

I-190 establishes a 20 percent sales tax on non-medical marijuana products. Revenue allocations are as follows:

- 49.5% to conservation programs;
- 10.5% to general fund;
- 10% to substance abuse treatment;
- 10% to veterans' services;
- 10% to public healthcare programs; and
- 10% to local governments that allow sales.

Of the 49.5% allocated to conservation, I-190 calls for the following further allocations:

- 37.125% to Habitat Montana.
- 4.125% to nongame wildlife habitat;
- 4.125% to state parks; and
- 4.125% to trails and recreational facilities.

Marijuana taxes and fees will generate about $48 million annually by 2025. Marijuana fees will fund program administration and enforcement. Marijuana taxes will contribute to the general fund and special revenue accounts for conservation, veterans' services, substance abuse treatment, healthcare, and local governments. The general fund will net $4 million.

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[97] Personal communication with California's Legislative Analysis Office.
[98] "Proposition 64 Revenues." California Legislative Analyst's Office. February 16, 2017. Accessed June 20, 2017. http://www.lao.ca.gov/handouts/crimjust/2017/Proposition-64-Revenues-021617.pdf
[99] https://newapproachmt.org/

Sales Tax

Texas, Virginia, and Georgia, dedicate the portion of general sales tax revenue attributable sporting goods purchases to parks and land conservation. Georgia has a specific project category for conservation easements, and many approved projects thus far have included restoring and managing longleaf pine ecosystems[100].

Georgia

In 2018, Georgia lawmakers referred a constitutional amendment to the November ballot that would create a permanent funding source for land and water conservation. The Georgia Outdoor Stewardship Act was overwhelmingly approved by voters with 83 percent support. The new state constitutional amendment dedicates a portion of the existing sales and use tax on outdoor sporting goods to land conservation and parks for ten years. Funding will protect forests (including working forests), wildlife habitat, and land critical to clean drinking water, wetlands, and fund the acquisition and improvement of parks and trails in communities throughout the state.[101] Georgia used the above in the successful passage of the Georgia Outdoor Stewardship Amendment in November 2018.[102]

Minnesota

In November 2008, Minnesota voters approved the Clean Water, Land and Legacy Amendment, which dedicated a sales tax increase of 3/8 percent (0.375) to clean water, natural areas, parks, arts education, and history. At the time, it was the largest conservation finance ballot measure in US history. Total conservation funding over 25 years is an estimated $5.5 billion or about $220 million annually. Three conservation funds were established by the Legislature and funding is allocated as follows: 33 percent to a Clean Water Fund (with 5 percent of that money for groundwater source protection); 33 percent to an Outdoor Heritage Fund; and 14.25 percent to a Parks and Trails Fund. The remaining 19.85 percent supports an Arts and Cultural Heritage Fund. The funding will sunset in 2034.

Revenue in Minnesota's Outdoor Heritage Fund may only be spent to restore, protect, and enhance wetlands, prairies, forest, and habitat for fish, game, and wildlife. The Minnesota Legislature estimates that $80 million will be made available for appropriation annually. The Lessard-Sams Outdoor Heritage Council provides annual recommendations to the Legislature on how Outdoor Heritage Funds should be appropriated.

Between 2009 and 2017, the program has acquired more than 268,000 acres and expended more than $230 million through both fee and easement purchases. A portion of dollars appropriated is made available through a small grants program administered by the Minnesota Department of Natural Resources.

Revenue in the Clean Water Fund may only be spent to protect, enhance, and restore water quality in lakes, rivers, and streams and to protect groundwater from degradation. Between 2011 and 2017, this fund spent over $15 million on land acquisition.

Revenue in the Parks and Trails Fund may only be spent to support parks and trails of regional or statewide significance. The Greater Minnesota Regional Parks and Trails Commission provides recommendations to the Legislature for grants funded by the Parks and Trails Fund to counties and cities outside the seven-county

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[100] https://georgiarecorder.com/wp-content/uploads/2020/01/GOSA-proposed-project-list.pdf
[101] In the event that state sales tax revenues decline, stopgap measures are written into the amendment which reduce funding for the Act.
[102] https://gadnr.org/gosp

metropolitan area. Between 2010 and 2017, the Fund supported more than $7.3 million in land acquisition projects.

Missouri

In Missouri, a dedicated 1/8-cent state sales tax provides substantial funding for state parks and historic sites, as well as soil and water conservation.[103] In 1984, Missouri voters approved a constitutional amendment that implemented a one-tenth of one percent sales tax increase. The tax generates approximately $90 million annually and revenue is split equally between these two programs. These funds are administered by the Department of Natural Resources. The tax provides about 75 percent of annual funding for the state parks department.[104] Voters reauthorized the tax in 1988, 1996, and 2016. At least two-thirds of voters approved the reauthorization each time it appeared on the ballot.[105]

A separate voter-approved one-eight percent sales tax is used for the management of Missouri's fish, forestry and wildlife. These funds are administered by the state Department of Conservation.

New Jersey

In New Jersey, a voter approved Constitutional Amendment in 1998 dedicated $98 million in existing sales tax revenues annually for 30 years to the Garden State Preservation Trust, which supports land conservation, farmland protection, park improvements and historic preservation.

Texas

In November 2019, after years of having statutorily dedicated sporting goods sales tax revenue reallocated from parks, the Texas Legislature and Governor approved Proposition 5 for the November 2019 ballot. Proposition 5 added language to the Texas Constitution to dedicate revenue from the sales tax on sporting goods to the state Texas Parks and Wildlife Department (TPWD) and the state Historical Commission. Whereas the former law allowed the legislature to allocate the revenue for other uses, Proposition 5 would require a two-thirds vote in each legislative chamber to reduce the amount for the parks, wildlife, and historical agencies. Furthermore, the amendment would prohibit the Legislature from decreasing the amount for the parks, wildlife, and historical agencies by more than 50 percent.[106] The measure passed with 88 percent support and will generate over $3.5 billion over 20 years for TPWD.

Sporting Goods Tax

Three states, Georgia, Texas, and Virginia, dedicate a portion of general sales tax revenue attributable to the purchases of sporting goods to parks and land conservation. This revenue source was first used for parks and conservation in Texas, beginning in 1993 when the Texas Legislature statutorily allocated funds. In 2000, Virginia's General Assembly passed similar legislation. Voters in Georgia approved a constitutional amendment in 2018 to dedicate a portion of the sales tax on the sale of sporting good to conservation, which passed with 83% voter approval.

[103] Missouri Constitution Article IV – Section 47a
[104] Sherman, Lucille. "Voters asked to renew parks and conservation tax for the fifth time." Columbia Missourian. October 12, 2016. Accessed June 27, 2017. http://www.columbiamissourian.com/news/state_news/voters-asked-to-renew-parks-and-conservation-tax-for-the/article_c12a63f6-8c95-11e6-b2e1-c350aae73d9f.html
[105] "Parks, Soils and Water Sales Tax." Missouri State Parks. Accessed June 27, 2017. https://mostateparks.com/page/55069/parks-soils-and-water-sales-tax
[106] Excerpted from https://ballotpedia.org/Texas_Proposition_5,_Sales_Tax_on_Sporting_Goods_Dedicated_to_Parks,_Wildlife,_and_Historical_Agencies_Amendment_(2019)

Georgia

During the 2018 legislative session, the Georgia General Assembly passed House Bill 332 and House Resolution 238, establishing the Georgia Outdoor Stewardship Act.[107] The final votes were 168-1 in the House and 55-0 in the Senate. On November 6, 2018 Georgia voters passed a constitutional amendment to dedicate up to 80 percent of the existing sales tax collected by sporting goods stores to protect water quality, wildfire habitat, and parks, with 83 percent support. Revenues are estimated to be $20 million per year for ten years.

The Georgia Department of Natural Resources announced the first selection of the Georgia Outdoor Stewardship Program "Conserve Georgia" grants for conservation and outdoor recreation projects in February 2020. The grants totaled $19.86 million in funding to benefit local parks and trails systems and state-owned lands. Grantees joined with private, public, and non-profit partners to help provide the support to leverage the state outdoor stewardship dollars with an estimated $77 million in additional match funds.

Texas

The 1993 Texas Sporting Goods Sales Tax law replaced state cigarette tax revenues that had previously provided funding for state and local parks. Legislators first capped the sporting goods sales tax draw at $27 million. In 1995 the cap was increased to $32 million until 2007 when it was lifted. In 2019, after years of having this funding reallocated, the Texas state legislature and Governor approved Proposition 5 for the November 2019 ballot. Proposition 5 added language to the Texas Constitution to dedicate revenue from the sales tax on sporting goods to the state Parks and Wildlife Department and the state Historical Commission. Whereas the old law allowed the legislature to allocate the revenue for other uses, Proposition 5 required a two-thirds vote in each legislative chamber to reduce the amount for the parks, wildlife, and historical agencies. Furthermore, the ballot measure prohibited the legislature from decreasing the amount for the parks, wildlife, and historical agencies by more than 50 percent.[108] The measure passed with 88 percent support, the largest margin of victory for a statewide conservation measure. This measure could secure over $3.5 billion over 20 years.

TPWD keeps four percent of proceeds for agency spending and the remaining funds are divided between the State Parks Account (74 percent), the Texas Recreation and Parks Account (15 percent), and the Texas Parks and Wildlife Conservation and Capital Account (one percent). The State Parks Account and the Texas Recreation and Parks Account spend proceeds through the Local Park Grant Program. This grant program provides matching funds to local political subdivisions for the acquisition and development of public recreation areas and facilities, as well as programmatic spending for parks. The remaining one percent of proceeds goes to the Texas Parks and Wildlife Conservation and Capital Account.

In Texas, the Comptroller collects this sales tax revenue based on estimates of actual sales. The bases for their estimates are statistics provided in a national survey of the sporting goods market produced by the National Sporting Goods Association. North American Industry Classification System (NAICS) commodity codes are used to determine what sales tax the state derives from sporting goods stores. However, to

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[107] Largely excerpted from 2019 Georgia Outdoor Stewardship Program Workshop PPT, Georgia Department of Natural Resources (https://gadnr.org/gosp)

[108] Excerpted from https://ballotpedia.org/Texas_Proposition_5,_Sales_Tax_on_Sporting_Goods_Dedicated_to_Parks,_Wildlife,_and_Historical_Agencies_Amendment_(2019)

estimate categories of goods sold the comptroller relies on the survey from the National Sporting Goods Association.

Virginia

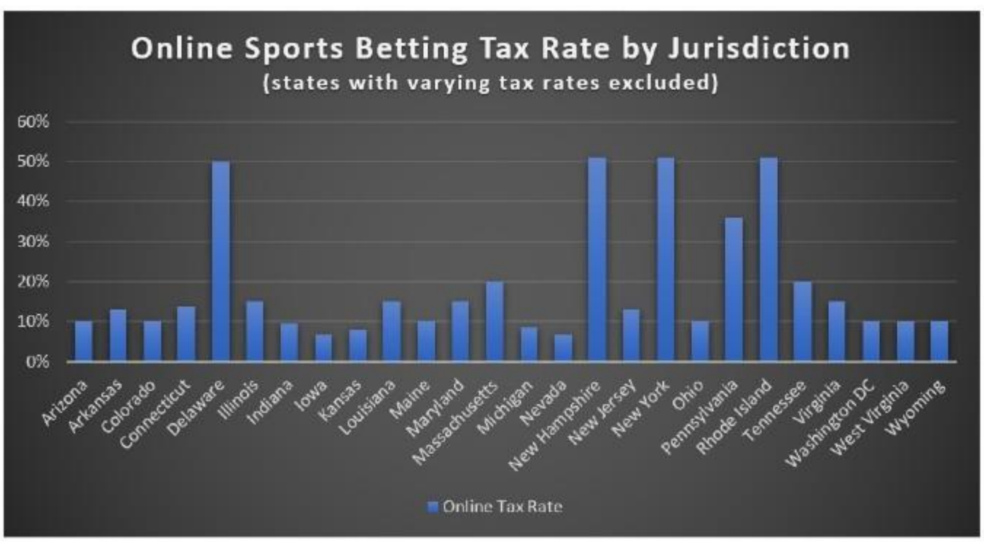
In 2000, Virginia allocated two percent of the sales tax revenue generated from the sale of hunting, fishing, and wildlife watching equipment to the Department of Game and Inland Fisheries (DGIF) which utilizes these funds across virtually all of their programs. [109] The revenue is capped at $13 million.[110] This legislation was a result of several years of work by a bi-partisan committee of the Virginia Legislature. It was supported by a finding that DGIF would be unable to continue operations in 2001 unless new revenue was available to support current operations. The law specifically allows DGIF's supervisory board to utilize up to 50 percent of the new funds for capital projects since DGIF had no identifiable funds for capital projects and land acquisitions.[111]

The state generates approximately $11 million from the sales tax revenue. This revenue is the full two percent of sales tax generated from the sale of hunting, fishing, and wildlife watching equipment. The comptroller collects two percent of revenue from the sale of hunting, fishing, and wildlife watching equipment based on estimates for total sporting goods equipment sales from the National Survey of Fishing, Hunting and Wildlife-Associated Recreation. Because this survey only comes out every five years, Virginia's allocations remain the same until new estimates are generated. The national survey is conducted by the U.S. Census and the U.S. Fish and Wildlife Service and includes state-level data.

The tax is collected from the following categories: hunting equipment, fishing equipment, and wildlife-watching equipment. Outside of items owned primarily for hunting, fishing, or wildlife watching (i.e., guns, ammunition, rods and reels, bird houses, wild bird food), each category also includes auxiliary equipment, which covers such items as tents, special clothing, binoculars, and backpacking equipment.

Sports Betting

Sports betting taxes by state varies. The table below examines the states with mobile sports betting showing a wide gap in the marginal sports betting tax rate.



Source: *https://www.gambling.com/us/news/comparing-sports-betting-taxes-by-state-3775500*

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[109] Code of Virginia §58.1-638E
[110] Code of Virginia § 29.1-10
[111] Personal Communication with Ray Davis, Virginia Dept. of Game and Inland Fisheries.

Colorado

In November 2019, voters in Colorado approved Proposition DD, which legalized sports betting in Colorado, with most proceeds dedicated to the state's Water Plan. The ballot measure read as follows:

> *Shall state taxes be increased by twenty-nine million dollars annually to fund state water projects and commitments and to pay for the regulation of sports betting through licensed casinos by authorizing a tax on sports betting of ten percent of net sports betting proceeds, and to impose the tax on persons licensed to conduct sports betting?*

Proposition DD authorizes the state to collect up to $29 million per year in sports betting tax revenue. Tax revenue from sports betting is expected to vary as the market matures. Based on information from other states' sports betting markets, about $16 million in tax revenue is expected to be collected on average over the first five years. Close to 95 percent of the revenue will be dedicated to water projects and other water-related obligations that address the state's water needs including projects funded under the Colorado Water Plan and water obligations outlined in interstate water compacts and federal law.[112]

Sweetened Beverage Tax[113]

While no state currently taxes sweetened beverages, eight local governments have imposed what is commonly referred to as a soda tax: Boulder, Colorado; the District of Columbia; Philadelphia, Pennsylvania; Seattle, Washington; and Albany, Berkeley, Oakland, and San Francisco in California. Six of these jurisdictions levy a per volume excise tax on drinks sweetened with sugar and one levies a per volume tax on all sweetened drinks including diet soda. The District of Columbia levies a special sales tax rate on soft drinks. Soda taxes can also raise significant funds. Philadelphia's tax, for example, has raised $70 million a year.

With the exception of the District of Columbia's special sales tax rate (8 percent, instead of its 6 percent general sales tax), all current soda taxes are based on a drink's volume. Tax rates are 1 cent per ounce in all four California jurisdictions, 1.5 cents per ounce in Philadelphia, 1.75 cents per ounce in Seattle, and 2 cents per ounce in Boulder. For concentrates (e.g., fountain soda), the tax is typically applied to the maximum volume the syrup can produce.

Distributors or wholesalers remit the per ounce tax when they deliver products to retailers. Much or all of the tax on soda is then passed on to customers in the form of higher retail prices. The district's special sales tax is paid directly by the consumer and remitted by the retailer. Each jurisdiction exempts some beverages from its tax, including alcoholic beverages, milk, infant formula, and drinks for medical purposes (not including sports and energy drinks).

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[112] https://leg.colorado.gov/sites/default/files/initiative%2520referendum_2019-2020%20hb%2019-1327v3.pdf
[113] Sources: https://www.governing.com/archive/gov-soda-tax-bills-states-2019.html and https://www.urban.org/policy-centers/cross-center-initiatives/state-and-local-finance-initiative/state-and-local-backgrounders/soda-taxes

Statewide taxes on sugary drinks have been proposed in California, Massachusetts, New York, Rhode Island, and Vermont. The last state to propose one was Arkansas in 1992. Soda companies and the American Beverage Association (ABA) actively oppose taxes on their products nationwide. Arizona and Michigan preemptively blocked local governments from enacting soda taxes. California, despite already having four local soda taxes, passed legislation in June 2018 banning any new locality from establishing a tax for 12 years. Washington voters also approved a ban on local soda taxes in November 2018. The ban does not affect Seattle's soda tax. Oregon voters rejected a similar ballot initiative the same year that would have preemptively blocked local soda taxes.

Consumption taxes are generally considered regressive. Opponents of soda taxes argue that the tax places an unfair burden on working families and neighborhood businesses already struggling including coffee shops, gas stations and corner stores that will lose revenue and may be forced to cut jobs. But fiscal measures such as taxes can be an effective legislative strategy to reduce such health disparities and promote health equity among vulnerable populations. They educate the public about the harm to health caused by overconsumption of sugary drinks and encourage reduced consumption. Berkeley's tax resulted in an estimated 52 percent drop in consumption of sugary drinks.

Estimated Revenue from 1-Cent-per-Ounce Sugary Sweetened Beverage Tax

Sugary Drink Type	Annual Tax Revenues
Soft Drinks	$39,097,774
Fruit Drinks	$10,618,823
Sports Drinks	$13,402,199
Ready-to-Drink Tea	$10,681,849
Energy Drinks	$12,580,802
Ready-to-Drink Coffee	$4,111,979
Total	**$90,493,426**

Source: The University of Connecticut Rudd Center for Food Policy and Obesity Revenue Calculator for Sugary Drink Taxes (http://www.uconnruddcenter.org/revenue-calculator-for-sugary-drink-taxes)

Assumes a tax pass-through rate of 100%.

Tribal Nations

In May 2023, The Snoqualmie Tribe in Washington implemented a leading-edge tax at the Salish Lodge & Spa. The Tribe's new Land Protection Tax is believed to be the first of its kind in North America. The 2 percent Lands Protection Tax is collected on sales made at the Salish Lodge & Spa. Tax revenue will be allocated by the Tribal Council for projects and expenses associated with the Tribal government's work to protect the Tribe's ancestral lands. This tax could serve as a model for other Tribes that actively support tourism and operate their own enterprises including hotels, resorts, and casinos.

Water Fees

Rhode Island

Under the provisions of the Rhode Island Public Drinking Water Protection Act (RIGL Chapter 46-15.3), water suppliers impose a levy of 2.92 cents per 100 gallons, which is billed directly to retail customers; senior citizens (65+) and commercial farmers are exempted from the levy. Suppliers remit the levy to the Rhode Island Water Resources Board (WRB), which transfers 1.664 cents to the Rhode Island Treasurer for general WRB operations and deposits 1.054 cents into the Watershed Protection Fund. The Watershed Protection Fund ("the penny per hundred") is used for the acquisition of watershed lands and for water quality improvement projects.

"Penny per hundred" describes Rhode Island's Public Drinking Water Supply System Protection Program.[114] The program collects nearly one penny (0.029 cents) for everyone hundred gallons of water delivered from the state's water suppliers; 98 percent of Rhode Island residents are served by one of the state's 30 largest

[114] Chapter 46-15.3-5 of Rhode Island general law, the "Water quality protection charge".

water suppliers.[115] The state then purchases bonds that are used for source water protection, as well as water quality improvement projects.[116]

For example, the Pawtucket Water Supply Board has received funding through the program to protect watershed lands that naturally filter pollutants and improve water quality by slowing surface runoff and increasing the infiltration of water into the soil. The result is less flooding and soil erosion, cleaner water downstream, which helps reduce treatment costs, and greater groundwater recharge.[117]

Not less than 55 percent of monies shall be spent for the acquisition of land or rights in land or physical improvements to acquired land required to protect the quality of raw water in the water supply system.[118] The Rhode Island Water Resources Board (WRB) administers the program, and supports the development, protection, conservation, and use of the state's water resources while providing for economic development and protection for the environment.[119] About 36 percent of surcharge collections had been remitted to the Rhode Island State Infrastructure Bank, which expended over $15 million to protect nearly 3,000 acres since 1994.

Wind Power

Under the Outer Continental Shelf Lands Act (OCSLA), the Department of the Interior's Office of Natural Resources Revenue (ONRR) is authorized to collect several types of revenue during the offshore wind leasing process. When BOEM holds a lease sale, developers bid on the offered leases and the winning company pays the bid amount (known as a bonus) to the federal government. A second type of revenue is rents, which developers pay annually on a lease prior to the stage when a project begins commercial operations. Under BOEM regulations, annual rents on commercial offshore wind leases are set at $3 per acre, unless otherwise specified in the lease or final sale notice. Third, developers pay an operating fee (similar to an oil and gas royalty) on electricity produced from an operating wind facility. The operating fee is calculated based on the nameplate capacity of the facility, a capacity factor representing the anticipated efficiency of facility operations (e.g., accounting for fluctuations in wind speeds), and the annual average wholesale electric power price in the state where the transmission cable makes landfall for each year that the operating fee applies.

Under the OCSLA, revenues collected from offshore wind projects that lie within 3 nautical miles of the seaward boundary of state waters are shared with adjacent coastal states at a rate of 27 percent.[120] To date, the states of Massachusetts and Rhode Island have received revenue-sharing payments in some years from eligible projects in the zone adjacent to state waters, with no payment totaling more than $25,000 in any year.

For projects farther from state waters—the majority of the proposed projects to date—all revenues are deposited in the U.S. Treasury as miscellaneous receipts. This disposition differs from that for offshore oil and gas leases, discussed below.

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[115] Among these suppliers there are 14 municipal departments; two regional water authorities, one serves 3 towns and the other serves 4 towns and parts of 4 other municipalities; four quasi-municipal authorities with their own governing boards; and fifteen special districts created by the General Assembly. Rhode Island Office of Local Government Assistance, "Water governance in Rhode Island." 2007. http://www.municipalfinance.ri.gov/documents/resources/WATER%20%20GOVERNANCE..2007.pdf
[116] RI Gen L § 46-15.3-5 (2012)
[117] http://www.pwsb.org/content/land
[118] RI Water Resources Board, "Programs: Public Drinking Water Protection" http://www.wrb.ri.gov/work_programs_pdwp.html
[119] RI Gen L § 46-15.3-5 (2012)
[120] 43 U.S.C. §1337(p)(2)(B). State waters in most states extend to 3 nautical miles from shore, so the OCSLA revenue sharing zone generally would be for leases lying between 3 and 6 nautical miles from shore. Revenues from projects lying wholly or partly within that area are shared with states under a formula detailed at 30 C.F.R. §585.540-585.543.

Three recent federal bills have been introduced to modify the revenue sharing structure for offshore wind leases.

The U.S. Senate Energy and Natural Resources Committee passed unanimously by voice vote a compromised amendment representing S. 2130, the Reinvesting In Shoreline Economies and Ecosystems Act of 2021, also known as the RISEE Act. The bipartisan bill was authored by Senator Bill Cassidy (R-LA) and Senator Sheldon Whitehouse (D-RI) and sponsored by Senator John Kennedy (R-LA), among others. Senator Cassidy is a member of the Senate Energy and Natural Resources Committee.

The RISEE Act would direct funding to the National Oceans and Coastal Security Fund from revenue generated by offshore wind production and expand restoration funding for the Mississippi River Delta and the Gulf Coast by eliminating the revenue sharing cap under the 2006 Gulf of Mexico Energy Security Act (GOMESA). GOMESA governs oil and gas lease revenue sharing in the Gulf. In addition, the bill would

- Increase the amount of GOMESA revenues shared with states from 37.5 percent to 50 percent and;
- Lift the Land & Water Conservation Fund's state side funding cap of $125 million.

In April 2022, Congresswoman Nicole Malliotakis of New York introduced the Offshore Wind for Northeastern Energy Revenue (OWNER) Act, legislation that would establish an offshore wind revenue-sharing model between the federal government and states adjacent to offshore wind farms.[121]

Specifically, the OWNER Act would:

- Send 50 percent of offshore wind revenue to adjacent states, based on a formula developed by the Secretary of Interior inversely proportional to the distance from the wind farms;
- 25 percent of the state revenue will be allocated to coastal counties dependent on the distance from the wind farm.
- Allow state funds to be used for coastal protection, including conservation, coastal restoration, hurricane protection, and infrastructure directly affected by coastal wetland losses; workforce training, including for employment in the renewable energy sector and related industries; infrastructure to support renewable energy development and transmission, including the transmission of offshore wind energy; STEM education; or reduction of carbon emissions and improvement of air quality.
- Allow state funds to also be used for the mitigation of damage to fish, wildlife, or natural resources and the impact of outer Continental Shelf activities through the funding of onshore infrastructure projects or planning assistance and administrative costs.

In state waters, the five-turbine Block Island Wind Farm off Rhode Island began commercial operations in 2016. As of the end of 2021, no projects in federal waters have progressed to the point of electricity generation, except a two-turbine pilot project off the Virginia coast. Most coastal states control the ocean floor for three nautical miles offshore, with the federal government controlling waters beyond three miles.

In October 2021, the Bureau of Ocean Energy Management (BOEM) announced a proposed schedule for seven new lease area auctions across the U.S. by 2025. These include areas in the New York Bight and Carolina Long Bay, mentioned above, Northern & Central California, Oregon, the Gulf of Mexico, the Gulf of Maine, and the Central Atlantic. BOEM could expect to accrue revenues both from the sale of the area leases and the long-term rents and operating fees paid by projects developed in those areas.

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[121] https://malliotakis.house.gov/media/press-releases/malliotakis-introduces-legislation-bring-wind-revenue-new-york-state#:~:text=(STATEN%20ISLAND%2FBROOKLYN%2C%20NY,adjacent%20to%20offshore%20wind%20farms.

American Clean Powers Association estimates that BOEM may lease between 6,600 and 11,400 square kilometers of area across the seven regions, generating between $1.6 and $2.7 billion in lease sale revenue over the next four years and an additional $1.1 to $1.8 billion in rents and operating fees for a total of $2.7 to $4.5 billion in new federal revenues over the coming decades. Some of these revenues would be shared with the states as described below.

Under the OCSLA, revenues collected from offshore wind projects that lie within 3 nautical miles of the seaward boundary of state waters are shared with adjacent coastal states at a rate of 27 percent.[122] To date, the states of Massachusetts and Rhode Island have received revenue-sharing payments in some years from eligible projects in the zone adjacent to state waters, with no payment totaling more than $25,000 in any year.

A recent auction by the Bureau of Ocean Energy Management of lease areas in the New York Bight yielded roughly $4.37 billion in revenue. The second offshore wind lease auction in May of 2022 raised $315 million for the Carolina Long Bay Lease areas.

For projects farther from state waters—the majority of the proposed projects to date—all revenues are deposited in the U.S. Treasury as miscellaneous receipts.

Louisiana recently passed a law requiring royalties from wind farms in state waters, a move that some industry groups say could dampen wind developers' interest in Louisiana coastal waters.

Constitutional Amendment

The highest level of security for conservation funding comes through constitutional dedication.

Alabama[123]

In Alabama, voters have twice passed (1992 and 2012) a constitutional amendment that provides dedicated funding for the Forever Wild program. Funding for the Forever Wild Land Trust (FWLT) is generated by the interest earned from offshore natural gas royalties deposited into the Alabama Trust Fund. The FWLT receives 10 percent of the distributed interest, capped at $15 million for any given year. The program is also supported by sales of the Forever Wild Land Trust License Plate. For $50 per year, Alabama drivers can purchase a license plate and $42.50 supports the program's mission.

Arkansas[124]

In Arkansas, voters passed a constitutional amendment in 1996 that increased their state sales tax by 1/8 of one cent to fund land conservation. Revenues from this fund support the Arkansas Game and Fish Commission (45 percent), Department of Parks and Tourism – State Parks (45 percent), the Department of Arkansas Heritage (9 percent) and Keep Arkansas Beautiful Commission (1 percent) for land acquisition, conservation education, wildlife management, operating expenses, capital improvements and renovations, community engagement, historic preservation, art education, and wildlife enforcement officers. The tax generates a total of $40 million to $60 million annually.

Colorado

[122] 43 U.S.C. §1337(p)(2)(B). State waters in most states extend to 3 nautical miles from shore, so the OCSLA revenue. sharing zone generally would be for leases lying between 3 and 6 nautical miles from shore. Revenues from projects lying wholly or partly within that area are shared with states under a formula detailed at 30 C.F.R. §585.540-585.543.
[123] http://alabamaforeverwild.com/forever-wild-funding
[124] http://www.conservationalmanac.org/secure/almanac/southeast/ar/index.html

Voters passed a constitutional amendment in 1992 that dedicates lottery revenues to fund Great Outdoors Colorado (GOCO). A 2001 ballot measure allowed GOCO $115 million in bonding authority. GOCO lottery funding is currently approved through June 30, 2024.

Florida[125]

Historically, the State of Florida issued $300 million annually in revenue bonds, backed by the "documentary stamp" tax, a real estate transfer tax, for the Preservation 2000 and Florida Forever land conservation programs. In 2009, with the Great Recession and precipitous decline in documentary stamp tax revenues, the Legislature defunded the program and failed to renew funding when revenues rebounded. In 2014, Florida voters approved a constitutional amendment with 75 percent support, dedicating one-third of the documentary stamp tax for 20 years to land conservation, management, and restoration. Florida has preserved more than 2.5 million acres since 1990. The 2014 Florida measure is the largest land conservation measure ever approved by voters in the United States, passed with 75% voter support and was referred to the ballot by citizen signature initiative, an effort led by Trust for Public Land and others.

Michigan

he Michigan Natural Resources Trust Fund Act (MNRTF) was originally passed in 1976 and provides constitutional protection for the acquisition of land for public recreation and conservation purposes. Financial assistance is available to local governments and the Department of Natural Resources (DNR) through the Trust Fund. The fund, which may not exceed $500 million, is supported by the leases, royalties, and other fees collected for the extraction of non-renewable resources from state-owned lands. The MNRTF Board of Trustees and the Grants Management office of the DNR administer the program. In 2020, Michigan voters approved a subsequent amendment, lifting the cap on the fund and providing greater flexibility on the funds could be used.

Minnesota

Minnesota voters have approved three constitutional amendments dedicating funds for conservation. Lottery proceeds were approved in 1990 and 1998, and a sales tax was approved in 2008. The sales tax is expected to generate over $5.5 billion over the next 25 years.

Missouri

Voters passed a permanent 1/8 of one-cent sales tax in 1976, which generates $90 million to $100 million a year for conservation. The state also has a constitutionally dedicated sales tax for parks, soil, and water that is not typically used for land conservation. This tax was renewed by voters in November 2016.

Nebraska

In 1992, voters approved a constitutional amendment to create the Nebraska Lottery. A portion of the proceeds go to the Nebraska Environmental Trust: from $15 million to $18 million annually.

New Jersey

Between 1961 and 2009, voters overwhelmingly approved thirteen state bond issues for parks, open space and farmland acquisition generating over $1.6 billion. In 1998, voters approved a constitutional amendment dedicating $98 million annually for 30 years from the existing state sales tax to the new Garden State Preservation Trust. In 2014, 65 percent of voters approved a constitutional amendment permanently dedicating a portion of the corporate business tax to land conservation.

[125] http://www.conservationalmanac.org/secure/almanac/southeast/fl/index.html

Ohio

In 2000 and 2008, voters approved constitutional amendments that secured $800 million in bond funding for the Clean Ohio Fund.

Oregon

In 1998, voters approved a fifteen-year constitutional amendment that secured a portion of lottery funding for conservation purposes. In 2010 voters reaffirmed that commitment in perpetuity. Proceeds are expected to generate $1.74 billion over the next twenty years.

South Carolina

In South Carolina, the State Conservation Bank was established by an act of the Legislature in 2002. It is financed by a deed recording fee (25¢ of the $1.30 state deed recording fee).[126] It has made grants totaling $151 million and leveraged that money with $147 million in external (federal, local, private) funding to protect 288,000 acres.[127] In 2017 when the Bank was reauthorized, the funding mechanism was removed and has depended on annual appropriations. In 2022, the South Carolina Legislature approved **The County Green Space Sales Tax Act which** authorizes counties statewide to establish a 1 percent sales tax by referendum to purchase and enhance county green spaces to protect critical natural areas in their communities or improve access to existing green spaces, which was approved by Beaufort County. Three other Lowcountry Counties, Charleston, Berkeley and Dorchester have voted to dedicate a portion of their transportation sales tax to greenbelt protection. In the 2023 legislative session there are proposals pending to restore the deer recording fee and increase the funding to the State Conservation Bank, to enhance the Green Space Sales Tax, and to dedicate the portion of the sales tax from sporting goods to land management activities.

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[126] http://lac.sc.gov/LAC_Reports/2017/Documents/SCCB.pdf
[127] http://sccbank.sc.gov/about/Pages/LeveragingFunds.aspx

With any questions or for more information please contact:

Will Abberger
Vice President, Conservation Finance Director

Trust for Public Land
(850) 222-7911

Will.Abberger@tpl.org

or

Andrew du Moulin
Director Center for Conservation Finance Research

Trust for Public Land
6 Beacon Street Suite 615
Boston, MA 02108

Andrew.dumoulin@tpl.org

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