

# MAINE STATE LEGISLATURE

The following document is provided by the  
**LAW AND LEGISLATIVE DIGITAL LIBRARY**  
at the Maine State Law and Legislative Reference Library  
<http://legislature.maine.gov/lawlib>



Reproduced from scanned originals with text recognition applied  
(searchable text may contain some errors and/or omissions)

STATE OF MAINE  
LEGISLATIVE RESEARCH COMMITTEE

**Reports**  
**to the**  
***ONE HUNDRED AND FOURTH LEGISLATURE***  
**Volume One**

*January, 1969*

Legislative Research Committee

Publication 104-20 (Vol. I)

STATE OF MAINE  
LEGISLATIVE RESEARCH COMMITTEE

REPORTS  
TO THE  
ONE HUNDRED AND FOURTH LEGISLATURE  
VOLUME ONE

JANUARY, 1969  
LEGISLATIVE RESEARCH COMMITTEE  
PUBLICATION 104-20 (VOL. I )

## LEGISLATIVE RESEARCH COMMITTEE

Senator Horace A. Hildreth, Jr., Falmouth, Chairman  
 Resigned August 14, 1968  
 Senator Kenneth P. MacLeod, Brewer, Chairman  
 Elected September 19, 1968  
 Representative Samuel A. Hinds, Vice Chairman

## From the Senate:

Sam A. R. Albair, Caribou  
 Armand Duquette, Biddeford  
 Harvey Johnson, Smithfield  
 Carlton D. Reed, Jr., Woolwich  
 Appointed October 20, 1967  
 Joseph Sewall, Old Town  
 Appointed August 16, 1968  
 Roger V. Snow, Jr., Falmouth  
 Resigned October 18, 1967  
 J. Hollis Wyman, Milbridge

## From the House:

Ethel B. Baker, Orrington  
 David B. Benson, Southwest Harbor  
 Albert E. Cote, Lewiston  
 William E. Dennett, Kittery  
 Louis Jalbert, Lewiston  
 Emilien A. Levesque, Madawaska  
 Harrison L. Richardson, Cumberland Center  
 Raymond M. Rideout, Jr., Manchester  
 Rodney E. Ross, Jr., Bath

## Ex Officio:

Joseph B. Campbell, Augusta  
 President of the Senate  
 David J. Kennedy, Milbridge  
 Speaker of the House

## Office of Legislative Research:

Samuel H. Slosberg, Gardiner, Director  
 David S. Silsby, Augusta, Assistant Director

## Office of Legislative Finance:

Frederick W. Kneeland, Augusta, Finance Officer  
 Resigned July 12, 1968  
 William H. Garside, Augusta, Finance Officer  
 Appointed July 17, 1968  
 Samuel A. Hinds, Assistant Finance Officer  
 Appointed November 20, 1968; Effective, January 1, 1969

## LETTER OF TRANSMITTAL

January 1, 1969

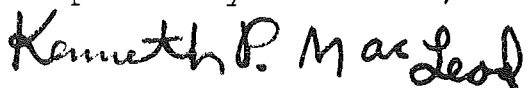
To the Members of the 104th Legislature:

It is my honor to transmit herewith the first volume of studies authorized by the 103rd Legislature for Legislative Research Committee study and determination during this past biennium.

This volume, designated as Legislative Research Committee publication 104-20 (Vol. I), combines in a single publication the findings and recommendations developed in ten specific areas of study which are individually reported in committee publications numbered 104-1 through 104-10.

The Members of the Committee wish to express their appreciation for being chosen to participate in these assignments and sincerely hope the reports contained herein will prove of benefit to the Members of the Legislature and the people of the State of Maine.

Respectfully submitted,



KENNETH P. MACLEOD, Chairman  
Legislative Research Committee

PROPOSED BILLS TO BE SUBMITTED TO THE 104TH LEGISLATURE

	Page
AN ACT to Create the Wildlands Use Regulation Commission-----	8
AN ACT Relating to Reports of the Managers of the Maine Industrial Building Authority and the Maine Recreation Authority-----	42
AN ACT Providing for Legal Assistance by the State to Municipalities in Property Valuation Cases-----	65
AN ACT Providing for Annual Revision of State Valuation-----	66
AN ACT Abolishing the Campaign Reports Committee-----	89
RESOLVE, Proposing an Amendment to the Constitution Providing for Convening of the Legislature at Such Times as the Legislature Deems Necessary-----	98
AN ACT Increasing Compensation of Members of the Legislature---	108
AN ACT Establishing the Municipal Public Employees Labor Relations Law-----	139
AN ACT Reclassifying Prestile Stream of the Meduxnekeag River Basin-----	173
RESOLVE, Reimbursing Mars Hill Utility District for Bonds Issued for Sewer Construction-----	174
AN ACT Providing for Transportation of Passengers in Units of Trucking Equipment on a Test Basis-----	187

## C O N T E N T S

	Page
Legislative Research Committee Membership-----	ii
Letter of Transmittal-----	iii
Proposed Legislation-----	iv
Table of Contents-----	v
 Research Reports:	
Wildlands Use Regulation-----	1
(Photo Essay inserted as Appendix F)	
Maine Industrial Building Authority-----	35
State Valuation Procedures-----	43
Joshua L. Chamberlain Toll Bridge-----	68
Legislative Procedures, Sessions and Compensation-----	77
Tax Sharing vs Grants-in-Aid-----	109
The Municipal Public Employees Labor Relations Law-----	132
Insurance Transactions-----	158
State Obligation to Mars Hill-----	165
Transportation of Passengers by Motor Truck-----	180

STATE OF MAINE  
LEGISLATIVE RESEARCH COMMITTEE

REPORT ON  
STATE VALUATION PROCEDURES  
to the  
ONE HUNDRED AND FOURTH LEGISLATURE

JANUARY, 1969  
Legislative Research Committee  
Publication 104-3



## SUBCOMMITTEE ON STATE VALUATION PROCEDURES

CHAIRMAN - Ethel B. Baker

VICE CHAIRMAN - Sam A. R. Albair

Joseph B. Campbell

Carlton D. Reed, Jr.

J. Hollis Wyman

Horace A. Hildreth, Jr., Ex Officio

Kenneth P. MacLeod, Ex Officio

ORDERED, the Senate concurring, that the Legislative Research Committee be directed to study and review the methods or procedures employed by the State Bureau of Taxation in determining property values of each municipality for the purpose of establishing the state valuation; and be it further ORDERED, that a report of such study, together with any recommendations deemed necessary, be made to the 104th Legislature.

In general terms the make-up and use of the Maine State Valuation is best explained by the State Bureau of Taxation, as follows:

THE STATE VALUATION

1. As to organized municipalities. The state valuation is an adjusted gross valuation of each municipality, fixed each two years, so that the levy of county taxes will be equalized as between the various municipalities, and so that such grants of state money as are made on the basis of valuation will be fairly distributed. It is not in any way an equalization of local valuations as between properties within any individual municipality. (R.S., 1964, T. 36, §292)
  
2. As to unorganized territory. It is an assessed valuation of each lot or parcel of land, fixed each two years. (R.S., T. 36, §381)
  
3. Determined biennially. The state valuation is made up only once each two years, thus differing from local (municipal) valuations, which are made up each year. The state valuation is completed and is filed with the Secretary of State on or before December 1 preceding the regular sessions of the Legislature; and is used generally for the purposes noted below during the ensuing two years. Thus the 1966 state valuation, filed with the Secretary of State on or before December 1, 1966, is the basis for state and county taxes for 1967 and 1968. (R.S., T. 36, §381)

## MAKE UP OF THE STATE VALUATION

The state valuation of municipalities is made up by determining, through field work and meetings with assessors, the approximate ratio to full value on which local assessments are made; and by then adjusting total local assessed values so that the state valuation of those municipalities with unduly low or unduly high ratios will be "equalized."

1. Statutory provisions. The statute merely says that the Board of Equalization shall "equalize and adjust the assessment list of each town, by adding to or deducting from it such amount as will make it equal to its just value."

(R.S., T. 36, §292)

2. Field work - appraisals and sales data. The basic information on which the decisions of the Board of Equalization are made is obtained by the field staff of the property tax division of the Bureau of Taxation. Each municipality is visited at least once in each biennium. A check is maintained on sales data, and actual appraisals of unique properties are made by the field men where those properties are of sufficient significance in the total local valuation, and where adequate sales information is lacking. These sales and appraisal figures are used as a measure to determine the ratio of full value on which the local assessors are operating. Due allowance is given to offset variations of valuation found within particular municipalities.

3. Meetings with assessors; and valuation returns. The assessors of each municipality are required annually to file

an abstract of their local valuation; and the State Tax Assessor or a deputy is required annually to meet in each county with the local assessors. These returns and meetings provide a further check upon valuation changes within the municipality. (R. S., T. 36, §§201, 382, 383)

4. Notice of Proposed Valuations. Approximately two months before the State Valuation is required to be filed, the Board of Equalization establishes a proposed valuation for each municipality. Notice of the proposed valuations of municipalities within each county is sent by certified mail to the chairman of the Board of Assessors of each municipality in that county on or before November 1 preceding the regular session of the Legislature. The purpose of such notice is to give the municipal officials an opportunity, before the State valuation is finally determined, to present any objections they may have to the proposed valuations. The Board of Equalization then arrives at a final determination. (R. S., T. 36, §292)

#### HOW THE STATE VALUATION IS USED

The State valuation is used in the distribution of the burden of county taxes, and in the levy of the State tax in areas outside the organized municipalities, and there are a number of uses in connection with the distribution of state aids.

1. State Tax. The State tax is based upon a rate fixed by the Legislature and upon the valuation fixed by the Board of Equalization. (R. S., T. 36, §451)

Beginning with 1952 organized municipalities are no longer required to pay over the state tax to the State. Owners of real estate in unorganized townships where school or road taxes are levied are granted a credit on state tax up to 3/4 of the amount assessed for school or road purposes.

(R. S., T. 36, §453)

Effectively, therefore, the state tax applies only to personal property in unorganized townships, to real estate in unorganized townships where there is no road or school tax, and in part to real estate in unorganized townships where 3/4 of the combined road and school taxes do not equal or exceed the state tax. (R. S., T. 36, §§451, 453, 1231)

2. County tax. The county tax is based upon estimates made by the county commissioners and approved by the Legislature, and is apportioned on the basis of the state valuation.

(R. S., T. 36, §381)

3. Forestry District Tax. The Forestry District Tax is based upon a rate fixed by the Legislature, and upon the valuation fixed by the Board of Equalization. In organized municipalities, beginning in 1958, personal property and buildings were excluded from the valuation base.

(R. S., T. 12, §1601)

4. School subsidies. In organized municipalities the state valuation is one factor in determining the distribution of general purpose educational subsidies. The current state valuation is the basis for determining such subsidies.

(R. S., T. 20, §3723)

5. State-aid for highways. The state's matching funds for the joint state-aid highway funds are based upon the state valuation of the various towns. The matching amounts vary from \$3.50 for each \$1.00 appropriated by towns with a state valuation of \$500,000 or less, to \$1.00 for each \$1.00 appropriated by towns having over \$3,600,000 valuation.

(R. S., T. 23, §1102) The amount which a town may appropriate for this purpose is also limited by the state valuation.

(R. S., T. 23, §1101)

6. State-aid for snow removal. The State reimburses towns for snow removal over so-called "winter routes" in accordance with the following formula:

If state valuation of a town is \$500,000 or less, the State reimburses at least 50% of cost and such towns in no case have to bear a cost of over \$35.00 per mile.

If state valuation of a town is over \$500,000, the State reimburses up to \$65.00 per mile. (R. S., T. 23, §1005)

7. Poor relief. The statutes provide that where a plantation has a state valuation of less than \$250,000, it is not liable for pauper expenses. (R. S., T. 22, §4472) There is also a provision relating to plantations with valuation of under \$40,000. (R. S., T. 22, §4473)

8. Reimbursement for forest fire fighting costs. Municipalities outside of the Maine Forestry District are liable to pay for controlling and extinguishing forest fires up to 1% of their state valuation; with the further provision that reimbursement of 1/2 of such costs incurred by the forest fire warden may be made by the State upon proper request.

Such expenses in excess of 1% of the state valuation may be wholly reimbursed by the State upon proper request.

(R. S., T. 25, §§2505, 2506)

9. Miscellaneous uses. This list does not pretend to be exhaustive. Other statutory references will be found. For example, in area school charters, or in the statute providing for school administrative districts, provisions are found defining the contribution of participating towns on the basis of state valuation. In practically all cases of state-wide levies or distributions, where valuation is a factor, the State rather than local valuation is used for obvious reasons.

#### MATTERS GOVERNED BY LOCAL VALUATION

Generally speaking, the state valuation is used in matters of state-wide or county-wide concern, whereas the local valuation (i.e., the valuation made up annually by each local board of assessors) is used in matters of purely local concern. Nevertheless, it might be well to point out those purposes for which local, rather than state, valuation is used.

1. Distribution of local taxes. The local valuation is used as the basis of determining the property tax bill of each taxpayer in municipalities. (R. S., T. 36, §§708-711)

2. Municipal debt limitation. The limitation of municipal indebtedness is based on the local valuation, not on the state valuation. (Maine Constitution, Article IX, Section 15)

#### THE BOARD OF EQUALIZATION

The statutory direction under which the State Board of Equalization fixes the biennial state valuation of municipalities



is brief and to the point. The Board of Equalization is directed to add to or deduct from the assessment list of each town such amount as will make it equal to its just value. (R. S., T 36, §292). Determination of the amount to be added or deducted is based upon a sampling process, largely through comparison of sales data with local valuations, to determine the average level or ratio of assessments in each municipality; after which the adjustments called for by the statute are made, so that the state valuation of each municipality will fairly reflect its relative taxable resources. The alternative to this gross valuation procedure would be biennial detailed valuation of each municipality, which would involve duplicating the work of local assessors at excessive cost.

Development of the state valuation is thus closely dependent on the local valuation. Consequently the quality of the state valuation is necessarily affected by the quality of the local valuation. The determination of the average local assessment ratio is bound to be more accurate if local valuations are equalized and fall within a reasonable range of the average.

Since a practical approach to state valuation dictates a gross valuation procedure such as that prescribed by the statute, and since the effectiveness of such a procedure is dependent on reasonably equalized local valuations, any substantial improvement in the quality of local valuations will be reflected in the state valuation itself.

The Bureau of Public Administration of the University of Maine, acting under a joint order of the 102nd Legislature, has

now concluded a review of property tax administration in this State. This review resulted in several specific recommendations for improving the quality of local assessing. It is therefore not appropriate here to suggest fundamental and long-range adjustments, statutory or otherwise, which may be necessary to accomplish that purpose.

Nevertheless, there are several measures which, if adopted, should result in a more satisfactory relationship between the State and its municipalities, particularly so far as state valuation is concerned. It is in this direction that the Members of the Legislative Research Committee directed their attention and arrived at the following conclusions which are respectfully submitted.

#### ANNUAL REVISION OF STATE VALUATION

The state valuation is now fixed once every two years. It is filed with the Secretary of State on or before December 1st preceding the regular sessions of the Legislature. This valuation is the basis for the county tax levy of the following two years, as well as for the payment of state subsidies for the following two years. For example, the state valuation filed in November 1966 is the basis for levying county taxes in 1967 and 1968, as well as for the computation of school and other subsidy payments for 1967 and 1968.

There is no provision for any appeal by a municipality once the state valuation is filed. This is based on sound policy, since if appeals were permitted it would be impossible to obtain the certainty which is necessary considering the uses to which

the state valuation of municipalities is put. It is, in fact, merely an administrative method of allocating county taxes as between municipalities, and allocating certain subsidies.

But since no appeal is possible, the statutes should contain some provision for adjustment of the valuation each year when real necessity exists. The historical reasons that led to a biennial valuation to be fixed immediately prior to the convening of the Legislature no longer exist. Economic changes are of such moment and occur so rapidly today that a closer correlation between the state valuation and the uses to which it is put would be desirable.

A completely new state valuation each year would not be necessary. However, provision in the statutes permitting adjustment of the state valuation annually, where necessary to recognize substantial and positive gains or losses in property, would be desirable. At the present time if such a loss (or gain) in taxable property in a given municipality should occur immediately after the filing of the state valuation, there is no way in which that valuation can be corrected for two years: such a loss (or gain) occurring in December 1966, for example, would not be taken into account until the succeeding state valuation was filed in November 1968. Fortunately no serious problems of this nature have occurred in recent years; but a substantial industrial loss, or natural disaster, could create such a situation at any time.

The suggestion of an annual revision of state valuation was proposed to provide closer correlation between the economic

situation on which the state valuation is based, and the fiscal results flowing from the state valuation by way of subsidies. The state valuation, filed biennially in the latter part of November, generally speaking affects subsidies paid during the ensuing biennium. Thus there is a lapse of approximately one year in any event before the effects of the state valuation are felt in the way of subsidies; and since the valuation is a biennial valuation, the effects continue to be felt, regardless of an intervening change in circumstances, for an additional year.

As no practical method was available to shorten the initial gap between the date of filing the state valuation and the resulting effect on subsidies, it was suggested that if the state valuation could be adjusted annually, this would serve to relieve the situation where a significant change occurs in the local valuation situation shortly after the state valuation is filed.

There are four methods by which some relief in this situation could be provided:

1. By a completely new state valuation each year;
2. By a limited revision of the state valuation in intervening years, to take into account additions by reason of new property or deductions by reason of losses of property;
3. By adjustments in intervening years for additions and deductions as noted in 2, but limited to situations where the loss or gain exceeds a stated percentage, such as 10%, of total taxable property; or

4. By permitting abatements to be made to recognize losses in property, provided such abatements are made between the date the state valuation is filed and December 1st of the following year, and by providing that subsidies and other results flowing from the state valuation for the second year of the biennium should take into consideration such abatements.

These suggestions are in declining order of complexity:

the first suggestion, requiring a completely new state valuation each year, would place a considerable burden on the bureau as well as on the Board of Equalization, and would require more personnel in the Property Tax Division; the second and third proposals, being much more limited in nature, would prove somewhat less burdensome; while the fourth proposal, which would be limited to situations where there is a loss of valuation, would probably be least troublesome.

At the time, considering the various studies being carried on in the property tax field with a view to modernizing procedures, the Committee selected the third alternative as it would be least likely to conflict with proposals which may originate from other sources. The following amendments are offered to accomplish that purpose.

Section 1. Amend Title 36, section 292 by adding a sentence:

In the event of interim adjustment of the state valuation of a municipality in accordance with section 381-A, notice of the proposed adjustment shall be sent by certified mail to the chairman of the board of assessors of each municipality in that county on or before the first day of November of the year in which the proposed interim adjustment is made.

Section 2. Amend Title 36, section 381 by adding the following to the 2nd sentence:

;except where an interim state valuation of a municipality has been filed in accordance with section 381-A, after which the interim state valuation of that municipality shall be used in such computation and apportionment.

Section 3. Add a new section 381-A to Title 36, to read as follows:

§381-A. Interim state valuation of municipalities

As of October 15th of the year following the filing of the state valuation under section 381, the Board of Equalization shall conduct a review of the existing state valuation of municipalities; and if it finds that the state valuation of any municipality appears then to be in error by at least 10%, or at least \$50,000 of full value, whichever is greater, it shall adjust the state valuation of that municipality accordingly. The interim state valuation so fixed shall be certified by said board and deposited in the office of the Secretary of State on or before December 1st.

Because of the limitations written into the amendment, it is unlikely that these provisions would frequently come into play; but it is believed that they are such as to provide relief when unusual situations occur.

LEGAL ASSISTANCE TO MUNICIPALITIES

One of the inhibiting factors in the relations between the Bureau of Taxation and local assessors is that the State is not a party in any action brought by a local taxpayer contesting his assessment.

The State Tax Assessor has general supervision over the activities of local assessors, with the power to order the re-assessment of any or all real and personal property in any municipality. He may also institute proceedings to enforce all laws relating to the assessment and taxation of property, and the Attorney General is directed by statute, upon the written request of the State Tax Assessor, to institute such legal proceedings as may be necessary to carry out the statutory provisions. (R. S., T. 36, §384) Careful reading of the statute, however, fails to disclose any authority whereby the State can assume any responsibility for defending in court the action of the assessors even if that action has been taken on advice or order of the State Tax Assessor.

This presents a difficult problem, particularly in the case of smaller municipalities. The situation is inhibiting because there is a natural reluctance to compel local assessors to take action which may well result in litigation, when the entire burden of defending the litigation will fall on the municipality.

It was therefore suggested by the State Tax Assessor that the statutory provisions in section 384, calling for action by the Attorney General on written request of the State Tax Assessor, be extended to situations where litigation between a taxpayer and a municipality is related to action taken by the State Tax Assessor under section 384. It is not suggested that the State intervene in every dispute involving a local taxpayer and a municipality. However, where action under section 384 is necessary, it would appear that the State has a stake in seeing that the

municipality is ably supported in defending any litigation to which it may be subjected.

After a discussion of this proposal the Committee agreed that a simple statutory change permitting the State to intervene in litigation precipitated by an order of the State Tax Assessor under the provisions of section 384 of Title 36, and authorizing the State Tax Assessor to call upon the Attorney General for assistance in such cases, would be desirable.

In order to implement this proposal a sentence was added to the end of section 384, so that the section as a whole would read as follows:

The State Tax Assessor shall, at his own instance or on complaint made to him, diligently investigate all cases of concealment of property from taxation, of undervaluation and of failure to assess property liable to taxation. He shall bring to the attention of town assessors all such cases in their respective towns. He shall direct proceedings, actions and prosecutions to be instituted to enforce all laws relating to the assessment and taxation of property and to the liability of individuals, public officers and agents of corporations for failure or negligence to comply with the laws governing the assessment or taxation of property, and the Attorney General and county attorneys, upon the written request of the State Tax Assessor, shall institute such legal proceedings as may be necessary to carry out this Title. The State Tax Assessor shall have power to order the reassessment of any or all real and personal property, or either, in any town where in his judgment



such reassessment is advisable or necessary to the end that all classes of property in such town shall be assessed in compliance with the law. Neglect or failure to comply with such orders on the part of any assessor or other official shall be deemed willful neglect of duty and he shall be subject to the penalties provided by law in such cases. Provided a satisfactory reassessment is not made by the local assessors, then the State Tax Assessor may employ assistance from within or without the town where such reassessment is to be made, and said town shall bear all necessary expense incurred. Any person aggrieved because of such reassessment shall have the same right of petition and appeal as from the original assessment. The State shall be permitted to intervene in any action resulting from an order of the State Tax Assessor pursuant to this section.

This language has been reviewed by the Attorney General's office; and we understand that office has no objection to the proposal. As in the case of the first suggestion (revision of state valuation) it is not anticipated that this provision would frequently be called into play, but situations could arise where it would be extremely desirable.

#### AVAILABILITY OF SALES DATA

For both local and state valuation purposes, ready availability of current sales information is essential. While not entirely satisfactory, such information could in the past generally be obtained from the federal tax stamps appearing on recorded deeds. The federal law, however, was repealed as of January 1, 1968.

Attempts have been made to obtain a state law which would provide such sales information for property tax purposes upon

expiration of the federal statute. Unfortunately, the state real estate transfer tax which was enacted at the last regular session of the Legislature, and which became effective on January 1, 1968, left much to be desired; and the statute replacing this, enacted by the special session of the Legislature in January of this year, which became effective on March 1st, is even less satisfactory.

If, as it appears likely, the present statute does not produce the information necessary to enable local assessors in the State to carry out their functions, this statute should be amended with the specific purpose of making readily available for such officials current and reliable sale prices of real estate. This is crucial to any program of improvement of either local or state valuations.

The real estate transfer tax, although originally proposed as a means of obtaining sales price information necessary to proper administration of property taxes, rather than as a revenue measure, was ultimately enacted on the latter basis. In fact, the present law, chapter 537 of the public laws of 1967, is considered unsatisfactory for either purpose.

The Federal Advisory Commission on Intergovernmental Relations (ACIR), in its 1967 and 1968 State Legislative Programs, recommended a state real estate transfer tax, primarily to develop information for the use of local assessors and state agencies concerned with property taxes. A comparison of some of the basic provisions of the ACIR draft, the draft originally submitted to the 1967 Legislative Session (L.D. 900), and the bill as ultimately enacted (c. 537, Public Law of 1967)

indicates clearly why the present law is unsatisfactory:

	<u>ACIR</u>	<u>L.D. 900</u>	<u>C. 537, P.L., 1967</u>
<u>Basis of tax</u>	Full consideration or fair market value	Full consideration	Consideration, less value of any encumbrance remaining on property at time of sale.
<u>Collection</u>	Registry	Registry	State Tax Assessor through agents
<u>Stamping</u>	Prerequisite to recordation	Prerequisite to recordation	Deed may be stamped before or after recording
<u>Information return</u>	Affidavit by parties to transaction, copies for local assessor and state agency	Declaration by parties to transaction, copies for local assessor and State Tax Assessor	None

As can readily be seen, the present Maine law is virtually useless for information purposes, and virtually unenforceable except at excessive cost.

The basis of tax under the present law is not even full consideration, much less market value. Thus, if a mortgage is assumed by the buyer the basis of tax is net consideration - that is, full consideration less the amount of the mortgage. Since no information return is required, there is no practical method of substantiating consideration either for proper enforcement of the tax itself or for property tax purposes. Presumably verification could be obtained by contacting the parties, but this is hardly a practical procedure. The Bureau is presently reviewing possible methods of following up transactions without incurring exorbitant costs, but the prospects do not appear good.

Since under the present Maine law stamping of a deed is not

a prerequisite to recording, proper administration of the tax will require a follow up, if possible, on unstamped deeds. This adds to the difficulties already noted.

Finally, the fact that the present Maine law contains no requirement for an information return to be filed at the time of registry, further emphasizes the unworkability of the law. In short, it contains no effective provisions to safeguard either revenue or reliability of information.

A preliminary review of recorded deeds to date indicates that the statute, in operation, is not proving satisfactory; and it is reasonable to believe that, barring the possibility of developing some reasonably effective means of enforcement, it will prove increasingly unsatisfactory as time goes on.

#### SUPPLEMENTING SALES DATA WITH APPRAISALS

Sales data has been one of the principal bases for determining local assessment ratios. This has been due in part to staff limitations within the Bureau of Taxation. There are many instances, however, where sales data is not adequate for this purpose. For this reason, steps should be taken to develop a program of appraisals for state valuation purposes so that proper recognition can be given to areas, or types of property, not adequately reflected in current sales data.

As to what might be involved in manpower and expense if present reliance on sales data in connection with state valuation work were to be supplemented by appraisals, the Part II of the budget request of the Bureau of Taxation for the next biennium contains a request for approximately \$135,000 for the first year of the biennium and \$225,000 for the second year to cover

the cost of adding to the staff, over the biennium, of at least 2 technical appraisal people, and 17 additional field employees, together with supporting office employees. Assuming this request is granted in whole or in part, the problem will be to recruit trained technicians, and to train field employees. If this can be done, the quality of state valuation work can be greatly improved, and an adequate appraisal program can at least be initiated.

Of those proposals originating from other sources, that dealing with the development of an in-service training program for local assessors and the establishment of a pre-service training program consisting of training courses for new assessors under the State University system, as suggested in the recent report on Property Tax Administration in the State of Maine, was well received by members of the Legislative Research Committee who strongly support such a measure based upon their own knowledge and study in that area.

As the course of Committee study was directed through a number of public and executive sessions and was broad in scope, these recommendations are not intended to correct the basic inequities plaguing property tax administration in this State. Rather, they are intended to suggest certain specific measures that can be adopted immediately in order to improve the relationship between the State and its municipalities in property tax matters without in any way conflicting with proposals that may be made in modernized state and local assessment administration.

In view of the foregoing, the Legislative Research Committee submits the following proposals and recommends their adoption.

AN ACT Providing for Legal Assistance by the State to Municipalities  
in Property Valuation Cases.

Be it enacted by the People of the State of Maine, as follows:

R. S., T. 36, §384, amended. Section 384 of Title 36 of the  
Revised Statutes is amended by adding at the end, a new sentence,  
as follows:

The State shall be permitted to intervene in any action resulting  
from an order of the State Tax Assessor pursuant to this section.

AN ACT Providing for Annual Revision of State Valuation.

Be it enacted by the People of the State of Maine, as follows:

Sec. 1. R. S., T. 36, §292, amended. Section 292 of Title 36 of the Revised Statutes is amended by adding at the end, a new sentence, as follows:

In the event of interim adjustment of the state valuation of a municipality in accordance with section 381-A, notice of the proposed adjustment shall be sent by certified mail to the chairman of the board of assessors of each municipality in that county on or before the first day of November of the year in which the proposed interim adjustment is made.

Sec. 2. R. S., T. 36, §381, amended. The 2nd sentence of section 381 of Title 36 of the Revised Statutes is amended to read as follows:

The valuation thus determined shall be the basis for the computation and apportionment of the state and county taxes until the next biennial assessment and equalization, except where an interim state valuation of a municipality has been filed in accordance with section 381-A, after which the interim state valuation of that municipality shall be used in such computation and apportionment.

Sec. 3. R. S., T. 36, §381-A, additional. Title 36 of the Revised Statutes is amended by adding a new section 381-A, to read as follows:

§381-A. Interim state valuation of municipalities

As of October 15th of the year following the filing of the state valuation under section 381, the Board of Equalization shall conduct a review of the existing state valuation of

municipalities. If it finds that the state valuation of any  
municipality appears then to be in error by at least 10%, or at  
least \$50,000 of full value, whichever is greater, it shall  
adjust the state valuation of that municipality accordingly.  
The interim state valuation so fixed shall be certified by said  
board and deposited in the office of the Secretary of State on or  
before December 1st.