

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)

**This document is from the files of the Office of
the Maine Attorney General as transferred to
the Maine State Law and Legislative Reference
Library on January 19, 2022**

November 20, 1945

To David H. Stevens, State Tax Assessor

I have your memo of November 13th relating to the provisions of Section 143 of Chapter 14 as amended, which provides that the assessed value of real estate owned by a savings bank shall be exempt from the savings bank tax and that such assessed value is to be deducted from the sum of the average amount of deposits, reserve fund and undivided profits.

I note that in figuring the tax under this statute, the starting figure is the sum of the average of the deposits, the average of the reserve fund, and the average of the undivided profits for the period covered by the return and that from this total is deducted either the full amount or three-fifths of the book value of certain investments as of the last day of the period. You also state in your said memo that certain banks have seen fit to reduce the value of the bank premises and to debit the undivided profits and credit the account representing the bank premises, thereby decreasing the liabilities and the total assets. You further state that in some cases the book value is brought down to a figure away below the assessed value, and if any exemption is allowed for the full assessed value, it results in the bank getting a double exemption, because in charging down this item, the bank has already made a deduction in the starting figure, and if the full assessed value is deducted again, the result is a double credit.

From this statement of facts you desire a ruling as to whether, in the opinion of this office, the intent of the legislature under this statute was to not tax the book value of the bank premises up to the amount on which these premises were taxed locally, or whether the wording of this statute should be taken literally, even though it results in a double exemption.

In reply I will say that it is the opinion of this office that the starting figure should be the assessed value and the book value should not be less than the amount of the assessed value, if the bank claims an exemption according to the assessed value of the real estate owned by the bank. In other words, if the book value is \$50,000 and the assessed value is \$25,000, the bank would be entitled to deduct \$25,000 as an exemption under this statute; but if the bank should place a nominal figure of \$1 as the book value of its real estate and the assessed value should be several thousand dollars, in all fairness to the State, in my opinion, the bank should deduct only the book value, where it is reduced so far below the assessed valuation as to show an apparent intent to evade taxation.

Ralph W. Farris,
Attorney General

RWF:c