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Taxation Municipal Reimbursement Tree Growth
Tree Growth Tax; Municipal Reimbursement
36 M.R.S.A. § 578-1

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July 11, 1978

Representative Karen Brown
House of Representatives
State House
Augusta, Maine

Re: Tree Growth Reimbursement

Dear Representative Brown:

This responds to your request for advice concerning recent changes in the method of reimbursing municipalities eligible for payments under 36 M.R.S.A. § 578(1).

As you know, PL 1977, c. 720, § 3 amended 36 M.R.S.A. § 578(1) by allowing all municipalities who "lose" tax revenues, as a result of the Tree Growth Tax Law (36 M.R.S.A. §§ 572-584-A), to receive State reimbursement to help offset their loss. For tax years beginning on or after January 1, 1978 municipalities are eligible for the greater of: (a) the sum obtained by multiplying 11¢ by the number of acres in the municipality which are classified and taxed under the Tree Growth Tax Law (11¢ formula), or (b) a sum representing the municipal "tax loss" in excess of 10% between the tax assessed in 1972 on land classified and taxed under the Tree Growth Tax Law and the tax assessed on the same land in the current tax year (percentage formula). (See Appendix for text of 36 M.R.S.A. § 578(1) as amended).

QUESTIONS:

In light of the changes occasioned by PL 1977, c. 720, § 3, you have asked the following questions:

1. When are municipalities receiving payments under the "11¢ formula" required to be paid?
2. When are municipalities receiving payments under the "percentage formula" required to be paid?

3. Does PL 1977, c. 720 § 3 actually provide additional reimbursement to those towns which have historically qualified for and received reimbursement under the "percentage formula"?

ANSWERS & REASONING:

1. Municipalities receiving payments under the "11¢ formula" are required to be paid not later than December 15 annually. This conclusion is clearly supported by the last paragraph of PL 1977, c. 720 § 3 which states:

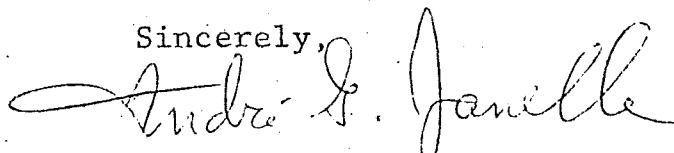
"For those municipalities where the annual payment amount is determined by the product of multiplying the number of acres which are classified and taxed in accordance with this subchapter by 11¢, the Treasurer of State shall pay to the municipality by December 15th of that year the amount certified by the State Tax Assessor."

2. Municipalities receiving payments under the "percentage formula" in 1978 will be paid in two installments. The first installment is due within 90 days of filing a satisfactory claim with the State Tax Assessor. The first payment will represent 75% or less of the total "percentage formula" claim. The second installment, for the balance, will be paid by the Legislature when it reconvenes. This conclusion is based on the language of 36 M.R.S.A. § 578(1), 2nd paragraph, which states:

"The State Tax Assessor is authorized to make provisional payment of up to 75% of any municipal claim found to be in satisfactory form. The payment shall be made within 90 days after receipt of a satisfactory claim and shall be presented for final settlement to the Legislature next convening."

3. PL 1977, c. 720, § 3 will provide additional reimbursement to municipalities which have historically qualified for and received reimbursement under the "percentage formula" if those municipalities were reimbursed at a rate which amounted to less than 11¢ per acre. PL 1977, c. 720, § 3 now guarantees that any municipality adversely affected by the Tree Growth Tax Law is eligible for reimbursement at the rate of at least 11¢ an acre.

Sincerely,



Andre G. Janelle
Assistant Attorney General

APPENDIX

36 MRSA § 578(1) Assessment of tax.

1. Organized areas. The municipal assessors or chief assessor of a primary assessing area shall adjust the State Tax Assessor's 100% valuation per acre for each forest type of their county by whatever ratio, or percentage of current just value, is then being applied to other property within the municipality to obtain the assessed values. Forest land in the organized areas, subject to taxation under this subchapter, shall be taxed at the property tax rate applicable to other property in the municipality, which rate shall be applied to the assessed values so determined. For any tax year in which a municipality has a situation where the aggregate tax assessed on lands classified under this subchapter is less than 90% of the aggregate tax assessed on the same lands in 1972, the municipality shall have a valid claim against the State to recover the taxes lost to the extent that such loss exceeds a 10% loss from 1972, upon proof of the facts in form satisfactory to the State Tax Assessor.

The State Tax Assessor is authorized to make provisional payment of up to 75% of any municipal claim found to be in satisfactory form. The payment shall be made within 90 days after receipt of a satisfactory claim and shall be presented for final settlement to the Legislature next convening.

In tax years beginning on or after January 1, 1978, the State Tax Assessor shall determine annually the amount of acreage in each municipality which is classified and taxed in accordance with this subchapter. A municipality within whose boundaries this acreage lies shall receive annual payments from moneys so appropriated by the Legislature provided it submits an annual return in accordance with the provisions of section 383; and it achieves the appropriate minimum assessment ratio described in section 327.

For the tax years beginning on or after January 1, 1978, a municipality's annual payment shall be the greater of either an amount computed as provided in the previous paragraph, or the product of multiplying the number of acres in the municipality which are classified and taxed in accordance with this subchapter by 11¢.

For those municipalities where the annual payment amount is determined by the product of multiplying the number of acres which are classified and taxed in accordance with this subchapter by 11¢, the Treasurer of State shall pay to the municipality by December 15th of that year the amount certified by the State Tax Assessor.