

MAINE STATE LEGISLATURE

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ONE HUNDRED AND FOURTH LEGISLATURE

Legislative Document

No. 1119

H. P. 876

House of Representatives, February 27, 1969

Referred to the Committee on Taxation. Sent up for concurrence and 1,000 copies ordered printed.

BERTHA W. JOHNSON, Clerk

Presented by Mr. Richardson of Cumberland.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SIXTY-NINE

AN ACT Providing for the Taxation of Forests.

Preamble. Whereas, the State of Maine has committed itself to the principle of equitable taxation of forests in the State; and

Whereas, tax measures consistent with and promoting conservation will furnish increasing forest products to the State.

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

R. S., T. 36, c. 106, additional. Title 36 of the Revised Statutes is amended by adding a new chapter 106, to read as follows:

CHAPTER 106

YIELD TAXATION

SUBCHAPTER I

GENERAL PROVISIONS

§ 1091. Purpose

It shall be the purpose of this chapter to encourage policies which preserve from destruction or premature cutting the forests in this State, and to provide an incentive for conservation practices in order to grow for the future, adequate crops of forest products so that forests shall continue to furnish recurring forest crops for commercial and public use, all in a manner which shall not hamper towns and cities in which such lands lie or the State from receiving their just tax revenue from these lands. This chapter shall be construed as to effectuate these goals.

§ 1092. Definitions

The following words and phrases used in this chapter shall have the meanings indicated, unless a contrary meaning is expressly stated.

1. **Forests.** Forests shall mean a tract of land in this State which is used for growing timber. Forests shall include not only the timber cover, but also its supporting land.

2. **Owner.** An owner is any person including a purchaser of public forest timber, having title to lands or standing trees or possession with authority to cut and remove logs or wood from lands or standing trees from which any logs or wood are taken during the tax year. The word "owner" shall not be construed to include a person who cuts or causes to be cut logs or wood from his own land for consumption in the construction, reconstruction or alteration of his own buildings, structures or fences, situated in the State of Maine; a person who cuts or causes timber to be cut for his own domestic fuel consumption; a person engaged in thinning or clearing storm damaged or decayed trees as long as the same are not sold as a commercial product.

3. **Sever.** The term sever shall mean to cut, fell or otherwise separate from the soil any timber or timber products.

4. **Stumpage value.** Stumpage value is the amount determined by the State Bureau of Taxation, in the same manner as other property values for the purposes of taxation, to be the value in dollars of severed timber or wood per cord or per thousand board feet. When open competitive bids have been the method of sale on a per cord or per thousand basis, the prices so paid shall be the stumpage value. When open competitive bidding is not the method of sales, the State Bureau of Taxation shall give consideration to the amounts received in open competitive bidding on a per cord or per thousand basis on sales in the county for sales in the organized area and in the unorganized area for sales there, but may consider prices offered for logs, pulpwood, fuelwood or other forest products, as well as current operating costs, a reasonable margin for profit and risk, and similar data, taking into consideration the relative difficulties of logging in each individual case. If any other measure besides the conventional cord or thousand board foot is used in a particular sale, the State Tax Assessor shall determine the proper measure by use of a conversion ratio to be furnished by the Forest Commissioner.

5. **Tax year.** The tax year shall be from September 1st of any year to August 31st of the next year.

SUBCHAPTER II

PROCEDURES RELATED TO YIELD TAXATION

§ 1093. Administration of the yield tax

All forests in both the organized and unorganized areas of Maine, shall be administered for yield tax purposes by the State Bureau of Taxation.

§ 1094. Exemption from taxes

All forests used exclusively for timber production shall be exempt from local or state taxes under the ad valorem tax system, except as to such taxes as may have been previously assessed. The commencement of this exemption is to coincide with the commencement of the yield tax under section 1095.

§ 1095. Yield tax

A yield tax for the privilege of severing timber exempted from property taxation by section 1094 shall be levied by the State Bureau of Taxation. It shall be based on the total stumpage value of the harvest made in each tax year, as defined in section 1092, subsection 5, and computed by applying the following rates:

1. 5% — commencing September 1st in the year following enactment and ending 3 years later.
2. 6½% — commencing September 1st, 3 years following enactment and ending 3 years later.
3. 8% — commencing September 1st, 6 years following enactment and ending 3 year later.
4. 9½% — commencing September 1st, 9 years following enactment and ending 3 years later.
5. 11% — commencing September 1st, 12 years following enactment and ending 3 years later.
6. 12½% — commencing September 1st, 15 years following enactment and ending 3 years later.
7. 14% — commencing September 1st, 18 years following enactment.

These rate are to be subject to verification utilizing data compiled in the one-year interim period which shall be between the date of enactment of this chapter and the date the above rates become effective.

§ 1096. Refusal to sever mature wood and timber

Whenever it is determined by the State Bureau of Taxation that a town or city is unreasonably deprived of revenue because of the failure of an owner to cut standing wood or timber when it shall have arrived at the degree of maturity most suitable for its use and can be harvested on a profitable basis, such wood or timber and its supporting land shall be at the authorization of the State Bureau of Taxation taxed in the same manner as other property and land not taxed under the yield tax system and be subject to the same rights of appeal, the intent being to prevent the holding of standing wood or timber indefinitely without the payment of any taxes. If such standing wood or timber is taxed under this section, such taxes shall be a credit against any yield later imposed on the same wood or timber.

§ 1097. Collection of the yield tax

The yield tax established in section 1096 shall constitute a lien upon all real estate of the owner owned on the date the tax is affixed and may be enforced

and collected by any appropriate means provided for the collection of property taxes.

To facilitate collection of the tax, the State Bureau of Taxation may require the owner to post a bond in an amount approximating the expected yield tax, if the bureau finds that the owner has been delinquent in paying past yield taxes or has been adjudged insolvent or under similar circumstances.

If the owner just owns the stumpage or is merely in possession of the timber with authority to cut and doesn't pay the yield tax, the State Bureau of Taxation may levy the yield tax against the owner of the land who sold the stumpage or gave authority to cut.

§ 1098. Appeal procedure

Any aggrieved owner who wishes to appeal from an excise levied pursuant to this chapter shall appeal to the Forestry Appeal Board as established under chapter 105.

§ 1099. Notice of intent to cut

Each owner who intends to cut growing timber shall file a notice of intent to cut prior to such cutting on a form prescribed and provided by the State Bureau of Taxation. The State Bureau of Taxation will approve the cutting and so notify the owner of its approval unless the owner is delinquent in paying previous yield taxes. A copy of the intent to cut and approval will be forwarded to municipal officials, if any, in the area where the proposed cutting is located. Failure to file a notice of intent to cut shall constitute a misdemeanor punishable by a fine not exceeding \$50 or be subject to injunctive proceedings initiated by the Bureau of Taxation through the Attorney General, or by both.

§ 1100. Report of harvest

Each owner shall make under the penalties of perjury and file with the State Bureau of Taxation a report of wood and timber severed or harvested, on or before October 15th of each year during the preceding tax year, September 1st to August 31st. Upon receipt of a report of harvest, which is subject to verification, the State Bureau of Taxation shall levy taxes in accordance with this chapter which taxes shall be paid within 30 days of receipt of the tax bill. Whoever having cut timber during the tax year fails to file a report of harvest, as provided in this section shall be guilty of a misdemeanor punishable by a fine not exceeding \$100, or be subject to injunctive proceedings initiated by the Bureau of Taxation through the Attorney General, or by both.

§ 1101. Disposition of the yield tax revenue

The State Bureau of Taxation shall remit 90% of the revenue derived from the yield tax on forests in the organized areas to the tax collectors in the municipalities where the forests are located unless the municipalities have received funds pursuant to section 1102. If the municipalities have received such funds, then the State Bureau of Taxation shall remit 90% of the yield tax revenue less the amount previously reimbursed under section 1102. In the case of the unorganized areas, the State Bureau of Taxation shall prorate 90%

of the revenue derived from the yield tax to state and county property tax funds, forest district and forest fire tax funds, fire protection fund, other than forest, school tax fund, road repair tax fund and public service tax fund on the ratio provided by the Legislature. The remaining 10% shall be retained by the State Bureau of Taxation to be applied to the expense of administering the yield tax system.

§ 1102. Reimbursement to towns dependent on forest tax revenue

Any town in which forests compose 10% or more of the town's total assessed valuation, to be determined by compiling statistics from each municipality during the period April 1, 1967 through March 31, 1970, under the guidance and review of the State Bureau of Taxation, will qualify for annual reimbursement from the State. A fund of \$100,000 shall be established to be used to reimburse qualified towns on the basis of the following formula.

The percentage of a municipality's valuation applicable to forests will be computed by averaging the forest valuation statistics compiled for the base period, April 1, 1967 to March 31, 1970. This percentage will be applied to each municipality's annual valuation commencing April 1st of the year section 1095 becomes effective to determine the value applicable to the forests exempted from ad valorem taxation. The local tax rate will be applied to the computed value of the forests and the municipality will be reimbursed the calculated amount less any yield tax received in that year. The yield revenue remitted to any municipality in any one year shall not exceed the average revenue derived from forests in the base period. Any excess shall be retained by the State to be used to reimburse a municipality in years when reimbursement is necessary. Each municipality will be required to submit to the State Tax Assessor valuation figures for the base period in a form by which the percentage applicable to forests can be determined.