

MAINE STATE LEGISLATURE

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FIRST SPECIAL SESSION

ONE HUNDRED AND FIFTH LEGISLATURE

Legislative Document

No. 2017

H. P. 1556 House of Representatives, January 26, 1972
Committee on Taxation suggested.
Presented by Mr. Bragdon of Perham. BERTHA W. JOHNSON, Clerk

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SEVENTY-TWO

AN ACT to Encourage Improvement in Forest Growth by Creating a Method of Taxation Based upon the Productivity of Various Classes of Forest Lands.

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

Sec. 1. R. S., T. 12, § 520-B, additional. Title 12 of the Revised Statutes is amended by adding a new section 520-B, to read as follows:

§ 520-B. Reports by forest landowners

Any owner of forest land who sells stumpage during a calendar year, shall render an annual report to the commissioner during the month of January of the following year stating the species, volume and stumpage price per unit of measure for each transaction and the municipality or township where the stumpage was located. Any owner of forest land who cuts stumpage for his own business use during a calendar year, shall render an annual report to the commissioner during the month of January of the following year stating the species and volume per unit of measure for each municipality or township where the stumpage was located. Forms for this report shall be provided by the commissioner. Information contained in said reports shall not be made public but shall be available for the use of the State Tax Assessor pursuant to Title 36, chapter 105, subchapter II-A.

Sec. 2. R. S., T. 20, § 1461-A, additional. Title 20 of the Revised Statutes is amended by adding a new section 1461-A, to read as follows:

§ 1461-A. Assessments repealed

In lieu of the assessments provided in section 1461, said amounts are appro-

appropriated from the General Fund to be credited annually to the Unorganized Territory School Fund provided in section 1458.

Sec. 3. R. S., T. 20, § 1479, additional. Title 20 of the Revised Statutes is amended by adding a new section 1479, to read as follows:

§ 1479. Assessments repealed

In lieu of the assessments provided in sections 1464 to 1468 and 1470, said amounts are appropriated from the General Fund to be credited annually to the Unorganized Territory Capital Working Fund provided in section 1462.

Sec. 4. R. S., T. 23, § 4106, additional. Title 23 of the Revised Statutes is amended by adding a new section 4106, to read as follows:

§ 4106. Assessments repealed

In lieu of the assessments provided in sections 4001, 4051, 4052, 4101, 4102, 4103, 4104 and 4105 for the laying out, altering, discontinuing, maintaining and repairing of roads and bridges, said amounts are appropriated from the General Fund to be credited annually on the books of the State to the proper fiscal officer of each county as provided in Title 36, section 342.

Sec. 5. R. S., T. 30, § 1204, additional. Title 30 of the Revised Statutes is amended by adding a new section 1204, to read as follows:

§ 1204. Assessments repealed

In lieu of the assessments provided in sections 1201 and 1202, said amounts are appropriated from the General Fund to be credited annually on the books of the State to the proper fiscal officer of each county as provided in Title 36, section 342.

Sec. 6. R. S., T. 36, § 451, amended. The first sentence of section 451 of Title 36 of the Revised Statutes, as amended, is further amended to read as follows:

For necessary expenses of local and State Government, a tax is assessed ~~annually~~ at the rate of ~~20~~ 16.5 mills on the dollar applied to a 100% valuation for the property tax year commencing April 1, 1973 and increasing thereafter to 18 mills effective April 1, 1974 and 19½ mills effective April 1, 1975 upon each municipality, township and each lot or parcel of land not included in any township in the State.

Sec. 7. R. S., T. 36, § 453, amended. The last paragraph of section 453 of Title 36 of the Revised Statutes is repealed.

Sec. 8. R. S., T. 36, c. 105, sub-c. II-A, additional. Chapter 105 of Title 36 of the Revised Statutes is amended by adding a new subchapter II-A, to read as follows:

**SUBCHAPTER II-A
TREE GROWTH TAX LAW**

§ 571. Title

This subchapter may be cited as the "Maine Tree Growth Tax Law."

§ 572. Purpose

It has for many years been the declared public policy of the State of Maine, as stated in sections 563 to 565, to tax all forest lands according to their productivity and thereby to encourage their operation on a sustained yield basis. However, the present system of ad valorem taxation does not always accomplish that objective. It has caused inadequate taxation of some forest lands and excessive taxation and forfeiture of other forest lands.

It is declared to be the public policy of this State that the public interest would be best served by encouraging forest landowners to retain and improve their holdings of forest lands upon the tax rolls of the State and to promote better forest management by appropriate tax measures in order to protect this unique economic and recreational resource.

Therefore, this subchapter is enacted for the purpose of taxing forest lands generally suitable for the planting, culture and continuous growth of forest products on the basis of their potential for annual wood production in accordance with the following provisions.

§ 573. Definitions

As used in this subchapter, unless the context requires otherwise, the following words shall have the following meanings:

1. **Assessor.** "Assessor" means the State Tax Assessor with respect to the unorganized territory and the respective municipal assessors with respect to the unorganized areas.

2. **Average annual net wood production rate.** "Average annual net wood production rate" means the estimated average net usable amount of wood one acre of land is growing in one year.

3. **Forest land.** "Forest land" means land held primarily for growth of trees and forest products, but shall not include ledge, marsh, open swamp, bog, water and similar areas, which are unsuitable for growing a forest type even though such areas may exist within forest lands.

4. **Forest type.** "Forest type" means a stand of trees characterized by the predominance of one or more groups of key species which make up 75% or more of the sawlog volume of sawlog stands, or cordwood in poletimber stands, or of the number of trees in seedling and sapling stands.

5. **Hardwood type.** "Hardwood type" means forests in which maple, beech, birch, oak, elm, basswood, poplar and ash, singly or in combination, comprise 75% or more of the stocking.

6. **Mixed wood type.** "Mixed wood type" means forests in which neither hardwoods nor softwood comprise 75% of the stand but are a combination of both.

7. **Softwood type.** "Softwood type" means forests in which pine, spruce, fir, hemlock, cedar and larch, singly or in combination comprise 75% or more of the stocking.

8. Stumpage value. "Stumpage value" means the average value of standing timber before it is cut expressed in terms of dollars per unit of measure as determined by the State Tax Assessor.

9. Value of the annual net wood production. "Value of the annual net wood production" means the average annual net wood production rate per acre for a forest type multiplied by the weighted average of the stumpage values of all species in the type.

§ 574. Applicability

This subchapter shall have mandatory application to any parcel of forest land consisting of more than 500 acres and an owner of a parcel of forest land of 500 acres or less may apply at his election. In cases of common and undivided ownership of forest land, the election to apply shall require the unanimous consent of all owners.

§ 575. Administration; regulations

The State Tax Assessor shall have the powers and duties provided in this subchapter. He shall adopt and amend such rules and regulations as may be reasonable and appropriate to carry out these responsibilities. He may contract with municipal, State and Federal Governments or their agencies to assist in the carrying out of any of his assigned tasks. He is authorized to hire such technical assistance as may be required for the performance of his assigned tasks. He is authorized to request such technical assistance from the Forestry Department or the Department of Finance and Administration as the respective department may be able to provide.

§ 576. Powers and duties

The State Tax Assessor shall determine the average annual net wood production rate for each forest type described in section 573, subsections 5 to 7, in each county to be used in determining valuations applicable to forest land under this subchapter, on the basis of the surveys of average annual growth rates applicable in the State made from time to time by the United States Forest Service or by the Maine Forestry Department. The growth rate surveys shall be reduced by 30% to reflect the growth which can be extracted on a sustained basis. The rates shall be determined after passage of this subchapter, and when determined shall remain in effect without change for each county through the property tax year ending March 31, 1975. In 1974 and in every 10th year thereafter, the State Tax Assessor shall review and set such rates for the following 10-year period in the same manner.

The State Tax Assessor shall determine the average stumpage value for each forest type described in section 573, subsections 5 to 7, applicable in each county, or in such alternative forest economic regions as he may designate, after passage of this subchapter and in each even-numbered year thereafter, taking into consideration the prices upon sales of sound standing timber of that forest type in that area during the previous 2 calendar years, and such other considerations as he deems appropriate.

The proportions of the various species making up the type are to be used in the computations of the average annual net wood production rates and average stumpage values for each forest type and the proportions of the various products are to be used in the computations of average stumpage values.

The State Tax Assessor shall determine annually the appropriate capitalization rate to be applied, taking into consideration expenses, taxes and a fair return on investment and such other considerations as he deems appropriate.

After the State Tax Assessor has made the foregoing determinations he shall determine the 100% valuation per acre for each forest type for each area and shall state the wood production rates, values and capitalization rate used to compute same.

The State Tax Assessor shall hold one or more public hearings, with such reasonable notice to the public as he shall determine, upon the foregoing matters to be determined, shall provide for a transcript thereof, and shall issue an order or orders stating said determinations on or before June 1st of the applicable year. The State Tax Assessor shall give public notice of such orders by certifying a copy of such orders to the Secretary of State and in such other manner as he determines reasonable.

The State Tax Assessor shall place such orders on file in the Bureau of Taxation and shall certify and transmit such orders to the municipal assessors of each municipality with respect to forest land therein on or before November 1st of each year, commencing November 1, 1972.

§ 577. Reduced valuation under special circumstances

1. In the case of forest land areas exceeding one acre which on January 1, 1972 did not contain more than 3 cords per acre of wood which was merchantable for forest products, the valuation shall be reduced by 50% for a period of 10 property tax years, from April 1, 1973 to April 1, 1983. In determining the applicability of this provision, the assessor may request a report and recommendation from the State Service Forester for the applicable county.

2. In the case of forest land areas upon which, at any time after January 1, 1972 the trees are destroyed by fire, disease, insect infestation or other natural disaster, the valuation of that specific land area shall be reduced by 75% for the first 10 property tax years following the loss, by 50% for the 2nd 10 property tax years following the loss and by 25% for the 3rd 10 property tax years following the loss.

3. In order to obtain a reduced valuation, the landowner shall make a written request to the assessor on or before January 1 of the tax year, presenting facts in affidavit form which meet either of the foregoing requirements. The assessor may investigate the facts, utilizing the procedures set forth in section 579, and shall then determine whether the requirements for reduced valuation are met. If the requirements are met, such forest land areas shall be assessed on the reduced basis herein provided.

§ 578. Assessment of tax

1. **Organized areas.** The municipal assessors shall adjust the State Tax Assessor's 100% valuation per acre for each forest type for 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. Commencing April 1, 1973, 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. If the April 1, 1973 total assessed valuation of forest lands in a municipality differs from the April 1, 1972 total assessed valuation of forest lands in that municipality by more than 10%, the assessors shall adjust the April 1, 1973 assessed values of forest lands back to a 10% change. The assessed values determined under this section shall first be reflected in the 1975 State Valuation of Municipalities.

2. **Unorganized territory.** The State Tax Assessor shall adjust the 100% valuation per acre for each type for each county to 50% or by such other ratio or percentage as is then being used to determine the state valuation applicable to other property in the unorganized territory to obtain the assessed values. Commencing April 1, 1973, forest land in the unorganized territory subject to taxation under this subchapter shall be taxed at the state property tax rate provided in section 451, applicable to other property in the unorganized territory, which rate shall be applied to the assessed values so determined. Upon collection by the State Tax Assessor, such taxes shall be deposited in the General Fund in accordance with section 342. The assessed values so determined shall be used in the 1973 State Valuation of the Unorganized Territory.

3. **Divided ownership.** In cases of divided ownership of land and the timber and grass rights thereon, the assessor shall apportion the valuation of the forest land on the basis of the fair market values of the respective interests therein.

§ 579. Schedule, investigation

The owner or owners of any parcel of forest land subject to taxation under this subchapter shall submit a signed schedule in triplicate on or before November 1, 1972, and at such other times as the assessor may require, to the assessor upon a form to be prescribed by the State Tax Assessor, identifying the land to be taxed hereunder, listing the number of acres of each forest type, showing the location of each forest type and representing that the land is held primarily for growth of forest products.

The assessor shall determine whether the land is subject to taxation hereunder and shall classify such land as to forest type. The land shall be so taxed until it is reclassified or is withdrawn from under this subchapter.

The assessor or the assessor's duly authorized representative may enter and examine the forest lands under this subchapter for tax purposes and may examine into any information submitted by the owner or owners.

Upon notice in writing by certified mail, return receipt requested, or by such other method as provides actual notice, any such owner or owners shall appear, either in person or by authorized agent, before the assessor, at such reasonable time and place as the assessor may designate and answer such questions or interrogatories as the assessor may deem necessary to obtain material information about said lands.

If the owner or owners of any parcel of forest land subject to taxation under this subchapter fail to submit the schedules under the foregoing provisions of this section or fail to provide information after notice duly received as provided under this section, such owner or owners shall be deemed to have waived all rights of appeal pursuant to sections 582 and 583 for the next property tax year.

It shall be the obligation of the owner or owners to report to the assessor any change of use or change of forest type of land subject to taxation hereunder.

If the owner or owners fail to report to the assessor a change of use as required by the foregoing paragraph of this section, the assessor may collect such taxes as should have been paid, shall collect the penalty provided in section 581, and shall assess an additional penalty of 25% of the foregoing penalty amount. The assessor may waive the additional penalty for cause.

§ 580. Reclassification

Land subject to taxes under this subchapter may be reclassified as to forest type by the assessor upon application of the owner with a proper showing of the reasons justifying such reclassification or upon the initiative of the respective assessor where the facts justify same.

§ 581. Withdrawal

If the assessor determines that land subject to this subchapter no longer meets the requirements of this subchapter, the assessor may withdraw the land from taxation under this subchapter. The owner of land subject to this subchapter may at any time withdraw any parcel from taxation under this subchapter by certifying to the assessor that the land is no longer held primarily for growth of forest products.

In either case, and except when the change is occasioned by a transfer resulting from the exercise of the power of eminent domain, withdrawal shall impose a penalty upon the owner which shall be the greater of (a) an amount equal to the taxes which would have been assessed on the first day of April for the 5 tax years, or any lesser number of tax years starting with April 1, 1973, preceding such withdrawal had such real estate been assessed in each of those years at its fair market value on the date of withdrawal less all taxes paid on said real estate over the preceding 5 years, and interest at the legal rate from the date or dates on which said amounts would have been payable or (b) an amount computed by multiplying the amount, if any, by which the fair market value of the real estate on the date of withdrawal exceeds the 100% valuation of the real estate pursuant to this subchapter on

the preceding April 1st, by the following rates: 10% from April 1, 1973 to March 31, 1978, 20% from April 1, 1978 to March 31, 1983 and 30% after March 31, 1983.

Such penalties shall be paid to the assessor as additional property taxes upon withdrawal.

Upon withdrawal, the lands shall be relieved of the requirements of this subchapter immediately and shall be returned to taxation under the Maine statutes relating to the taxation of real property to be so taxed on the following April 1st.

§ 582. Appeal from State Tax Assessor

1. Petition for reconsideration. Any person aggrieved by any order or determination of the State Tax Assessor may petition him for reconsideration of that action within 30 days of the issuance of that order or the making of that determination. If a petition for reconsideration is filed within said period, the State Tax Assessor shall reconsider the matter and if petitioner has so requested in his petition, shall grant said petitioner an oral hearing, shall provide for a transcript thereof and shall give the petitioner at least 15 days' notice of the time and place thereof. For cause shown, the State Tax Assessor may extend the time and filing of such petition. The State Tax Assessor may amend or reaffirm his orders or determinations as he sees fit and may order a refund in whole or in part of any taxes, costs, penalties or interest thereon which have been erroneously or unjustly paid since the changed rates or values. In the event of any change in rates or values, the rates or values as so changed shall remain in effect until the next review period.

2. Appeal to Superior Court. Any person aggrieved by the decision upon such petition may, within 30 days after notice thereof from the State Tax Assessor, appeal therefrom to the Superior Court in the county where the land is located. Notice of the appeal shall be ordered by the court and trial shall be held without jury in the manner and with the rights provided by law in other civil actions so heard. The proceedings shall not be de novo. The court shall receive into evidence true copies of the transcript of the hearing, the transcript of the reconsideration hearing if further evidence was offered, the exhibits thereto and the decision of the assessor. The court's review shall be limited to questions of law and to whether the assessor acted regularly and within the scope of his authority and the assessor's decision shall be final so long as supported by substantial evidence. The court may enter a judgment affirming or nullifying such order in whole or in part, or remanding the cause to the State Tax Assessor upon such terms as the court may direct; and the court may order the refund in whole or in part, of any taxes, costs, penalties or interest thereon which have been erroneously or unjustly paid since the changed rates or values. In the event of any change in rates or values on appeal, the rates or values as so changed shall remain in effect until the next review period. An appeal may be taken to the law court as in other actions.

3. Other persons affected. The State Tax Assessor or court, as the case may be, upon receiving a petition for reconsideration or an appeal, shall give public notice of said proceeding by publication for 3 successive days in a

newspaper of daily circulation in the county or counties affected and may give such further public notice as the State Tax Assessor or court determines reasonable. Any person who may be aggrieved as a result of such a hearing shall be entitled to appear at the hearing and enjoy the same rights to a hearing before the State Tax Assessor or court as the person filing the petition or the appeal.

4. Persons aggrieved. A person aggrieved hereunder shall be any person with a legal interest in land subject to the determination, any municipality in which land subject to the determination lies, and the Attorney General of the State of Maine upon the written petition of 10 residents of the State of Maine if he shall see fit to intervene or appeal.

§ 583. Appeal from municipal assessors

1. Petition for reconsideration. Any person aggrieved by any determination by municipal assessor under this subchapter may petition for a reconsideration of that determination within 30 days after being notified of that determination. If a petition for reconsideration is filed within said period, the municipal assessor shall reconsider the matter and if petitioner has so requested in his petition, shall grant said petitioner an oral hearing and shall give the petitioner at least 15 days' notice of the time and place thereof. For cause shown, the municipal assessor may extend the time and filing of such petition. The municipal assessor may amend or reaffirm his determination as he sees fit and may order a refund, in whole or in part, of any taxes, costs, penalties or interest thereon which have been erroneously or unjustly paid; which amounts shall be paid out of the municipal treasury, if there are funds available, and if not, payment shall be made in the following tax year.

2. Appeal to Forestry Appeal Board. Any person aggrieved by the decision upon such petition may, within 30 days after notice thereof from the municipal assessor, appeal therefrom to the Forestry Appeal Board established by section 565 and the Forestry Appeal Board may amend or reaffirm such determinations as the board sees fit and may order a refund in whole or in part of any taxes, costs, penalties or interest thereon which have been erroneously or unjustly paid; which amounts shall be paid out of the municipal treasury, if there are funds available, and if not payment shall be made in the following tax year. The application to the Forestry Appeal Board shall be filed with the Forest Commissioner, with a copy to the assessors of the municipality concerned, and shall include the name and address of the Forestry Appeal Board member selected by the applicant. Section 843-B shall apply to such proceedings.

3. Appeal to Superior Court. Either party may appeal from the decision of said Forestry Appeal Board to the Superior Court, under the conditions provided for in section 846.

§ 584. Advisory Council

There is established a Forest Land Valuation Advisory Council, hereinafter called the "Advisory Council", which shall consist of the State Forest Commissioner ex officio and 3 members, serving staggered 4-year terms, to be

appointed by the Governor with the advice and consent of the Council. One of these members shall be a municipal officer; one shall be a forest land owner and one shall be a member of the general public who shall have a background in economics. The initial appointment of a municipal officer shall be for a 2-year period; the initial appointment of a forest landowner shall be for a 3-year period; the initial appointment of a member of the general public shall be for a 4-year period. Thereafter, said appointees shall be appointed to serve 4-year terms and, in the event of the death or resignation of such an appointee, the Governor shall make an appointment to the Advisory Council with the advice and consent of the Council for the unexpired term. The members of the Advisory Council shall receive no compensation for their services, but said Advisory Council shall be allowed actual expenses not to exceed \$2,000 for each fiscal year. The Advisory Council shall render to the State Tax Assessor information and advice concerning the administration of the Maine Tree Growth Tax Law. The Advisory Council shall hold a regular meeting with the State Tax Assessor or his deputy in February of each year, and special meetings at such other times and places within the State as would seem advisable. At the meeting held in February of each year, the Advisory Council may elect one of its members as chairman and one as vice-chairman.

§ 584-A. Construction

This subchapter shall be broadly construed to achieve its purpose. The invalidity of any provision shall be deemed not to affect the validity of other provisions.

Sec. 9. R. S., T. 36, § 586, sub-§ 2, amended. The first paragraph of subsection 2 of section 586 of Title 36 of the Revised Statutes, as enacted by chapter 548 of the public laws of 1971, is amended to read as follows:

“Open space land” means any area of land, including state wildlife and management areas, sanctuaries and preserves designated as such in Title 12, ~~forest land and~~ farmland, the preservation or restriction of the use of which would:

Sec. 10. R. S., T. 36, § 594, additional. Title 36 of the Revised Statutes is amended by adding a new section 594, to read as follows:

§ 594. Exception

This subchapter shall not apply to forest land as defined in subchapter II-A.

Sec. 11. R. S., T. 36, § 1141, amended. The first sentence of section 1141 of Title 36 of the Revised Statutes, as amended by section 2 of chapter 271 of the public laws of 1967, is further amended to read as follows:

Real estate not exempt, and not liable to be assessed in any town, ~~may be taxed by the Legislature for a just proportion of all state, county and forestry district taxes for ordering the state, county and forestry district taxes upon property liable to be assessed in towns shall be taxed at the rate provided in section 451.~~

Sec. 12. R. S., T. 36, § 1142, amended. The first and 4th sentences of

section 1142 of Title 36 of the Revised Statutes, as amended, are further amended to read as follows:

When the real estate mentioned in section 1141 is assessed ~~for any state, county and forestry district taxes~~, the State Tax Assessor shall determine the ~~proportionate~~ amount of such taxes due from the owners of such real estate by applying the ~~total~~ millage rate ~~of all such taxes~~ against the valuation as listed by the State Tax Assessor.

Such list shall contain the total amount of ~~any state, county and forestry district~~ taxes due from each owner of real estate mentioned in section 1141 and each owner of rights in public reserve lots ~~and shall contain the millage rate used in determining the proportionate amount of taxes due from such owners.~~

Sec. 13. R. S., T. 36, § 1144, repealed. Section 1144 of Title 36 of the Revised Statutes, as amended by section 4 of chapter 271 of the public laws of 1967, is repealed.

Sec. 14. R. S., T. 36, § 1145, amended. The first, 5th and 6th sentences of section 1145 of Title 36 of the Revised Statutes, as amended by section 5 of chapter 271 of the public laws of 1967, are further amended to read as follows:

When any ~~state, county and forestry district~~ taxes are assessed as provided for in section 1142, the State Tax Assessor shall, on or before the first day of July thereafter, notify in writing the owners of real estate so assessed, by sending to each by mail at his last known address, a statement containing a brief description of the real estate assessed, the date when payment is required, and the amount ~~in total~~ due from each such owner of all such ~~state, county and forestry district~~ taxes.

~~The State Tax Assessor shall mail to each owner or owners, making a written request therefor, a statement showing the amount of each state, county and forestry district tax assessed on the real estate of such owner or owners~~

Such real estate is held to the State for payment of such ~~state, county and forestry district~~ taxes, with interest thereon at the rate of 6% per year to commence on October 1st upon the taxes for the year for which such assessment is made.

Sec. 15. R. S., T. 36, §§ 1146 and 1147, additional. Title 36 of the Revised Statutes is amended by adding 2 new sections to read as follows:

§ 1146. Assessments repealed

In lieu of the assessments provided in the 2nd paragraph of section 1141, said amounts are appropriated from the General Fund.

§ 1147. Unorganized territory

The State Tax Assessor shall determine annually the amount distributable to each county in respect of property in the unorganized territory for each county by multiplying the state valuation then in effect for such property by the mill rate certified for each county pursuant to Title 30, section 254, which amounts are appropriated from the General Fund to be credited annually

on the books of the State to the proper officer of each county as provided in section 342.

Sec. 16. R. S., T. 36, § 1182, repealed. Section 1182 of Title 36 of the Revised Statutes is repealed.

Sec. 17. R. S., T. 12, § 1608, additional. Title 12 of the Revised Statutes is amended by adding a new section 1608 to read as follows:

This subchapter, with respect to the annual Maine Forestry District tax and the assessment and collection thereof, shall not be applicable to property in the unorganized territory. In lieu thereof, an amount equal to the state valuation of said property, multiplied by 8½ mills, is appropriated from the General Fund to be credited annually to the separate account provided in section 1607.

Sec. 18. Effective date. This Act shall take effect on January 1, 1973, with the exception of section 8 which shall take effect 90 days after final adjournment of this first special session of the 105th Legislature.

FISCAL NOTE

Compared to actual 1971 figures corrected for the 5 mill increase, the revised bill reflects revenue from the unorganized territory in 1973 of approximately 4.9 million dollars compared to approximately 4.5 million dollars in 1971, and increasing by an additional \$440,000 in each of the years 1974 and 1975. In addition, over the years there will be additional revenues generated by the withdrawal provision.

STATEMENT OF FACT

This redrafted forest productivity tax bill incorporates the amendments recommended by a majority of the members of the Governor's Study Committee on Forest Taxation, with one exception, namely the tax rate applicable to the unorganized territory after 1975. The legislation proposes a "Maine Tree Growth Tax Law" which would assess forest land on a productivity basis in both the organized and unorganized areas of the State. It would apply to any parcel of 500 acres or more and to smaller parcels upon request of the owner.

It divided forest lands into softwood, hardwood and mixed wood types. The State Tax Assessor is directed to determine the 100% valuation per acre for each forest type based upon the economic productivity of those forest lands.

Upon certification of this information to the respective municipal assessors for the organized areas, they will adjust the board's 100% valuation by what-

ever percentage of current just value is then being applied to other property within the municipality and, commencing April 1, 1973, will apply the municipal property tax rate to those assessed values. In the unorganized territory, the State Tax Assessor will adjust 100% valuation to 50% or by such other percentage as is then being used to determine the state valuation applicable to other property within the unorganized territory, and commencing April 1, 1973, those assessed value will be taxed at the state property tax rate.

The bill changes the State Property Tax from 20 mills on a 50% valuation to 16.5 mills on a 100% valuation effective April 1, 1973 and increasing thereafter to 18 mills effective April 1, 1974 and 19½ mills effective April 1, 1975.

The other existing taxes applicable to the unorganized territory: namely, the Forest District Tax (or equivalent Forest Fire Tax), County Tax, School Operating Tax, School Capital Tax, Road Tax, Fire Protection Tax and Public Service Tax, are replaced.

The bill provides that the municipal assessors will receive the owner's forest land schedules and determine whether the land is forest land under this Act.

Forest lands may be withdrawn from under this Act subject to imposition of a penalty which shall be the greater of (a) taxes for the last 5 years on the basis of fair market value on the date of withdrawal less taxes paid in those 5 years with interest at the legal rate or (b) any excess of the fair market value on the date of withdrawal over the last valuation under the Act, times rates ranging from 10% for the first 5 years, 20% for the 2nd 5 years and 30% thereafter.

The purpose of this legislation is to put forest taxation throughout the State of Maine on a uniform economic productivity basis. This would have 2 major effects. It would tax forest lands on a basis calculated to motivate good forestry practice, to maximize forest growth and to maximize the economic productivity of our forest lands. It would also serve to maximize the revenues to the State. This legislation provides the foundation for a strong growing forest industry with maximum benefit to the citizens of Maine.