

MAINE STATE LEGISLATURE

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(Filing No. H-828)

STATE OF MAINE
HOUSE OF REPRESENTATIVES
108TH LEGISLATURE
FIRST REGULAR SESSION

COMMITTEE AMENDMENT "A" to H.P. 1509, L.D. 1734, Bill, "AN ACT to Improve the Administration of the Maine Tree Growth Tax Law."

Amend the Bill in section 2 by striking out all of the last underlined sentence and inserting in its place the following:

'The growth rate surveys shall be reduced by a percentage discount factor determined by the State Tax Assessor pursuant to section 576-B to reflect the growth which can be extracted on a sustained basis.'

Further amend the Bill in section 3 in the 4th and 5th lines (same in L.D.) by striking out the underlined punctuation and words ", certified to him by the Forest Land Valuation Advisory Council pursuant to section 584," and inserting in their place the following: 'as determined by him pursuant to section 576-B,'

Further amend the Bill by inserting after section 3 the following:

'Sec. 4. 36 MRSA §576, 5th ¶, 1st sentence, as amended by PL 1973, c.308, §4, is further amended to read:

The State Tax Assessor shall hold one or more public hearings, with such reasonable notice to the public as he shall de-

termine, 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 ~~August 17, 1972~~ October 1, 1978 and on or before ~~June 1st~~ October 1st biennially thereafter.

Sec. 5. 36 MRSA §576-B is enacted to read:

§576-B. Determination of discount factor and captialization rate
By February 1, 1978 and every 4th year thereafter, the State Tax Assessor shall determine the percentage factor by which the growth rates set by him pursuant to section 576 shall be reduced to reflect the growth which can be extracted on a sustained basis. This determination shall be deposited in the office of the Secretary of State as soon as completed. In determining the percentage factor, the State Tax Assessor shall rely on evidence of current wood market conditions, current technological developments and other considerations relating to the extractability of wood from forest lands on a sustained yield basis.

By February 1st of each even-numbered year, the State Tax Assessor shall determine the capitalization rate which shall be applied to the value of the annual net wood production pursuant to section 576. This determination shall be deposited in the office of the Secretary of State as soon as completed. The capitalization rate shall be based upon the opportunity cost of owning forest land. Determination of the opportunity cost shall consider risks, access to financial markets, relative non property tax treatments and all other relevant factors. The State Tax

Assessor shall estimate this rate by use of a well-defined procedure which shall be publically available upon completion of the State Tax Assessor's determination.

The State Tax Assessor shall hold one or more public hearings, concerning his determination of the discount factor and the capitalization rate in November of each year preceding the date of his determinations. These hearings shall be held with reasonable notice to the public and a transcript shall be made of the proceedings.

The State Tax Assessor shall be authorized to procure assistance in making his determinations from the University of Maine and such state agencies as he may arrange.

Any person aggrieved by a determination of the State Tax Assessor under this section may appeal it according to the procedures established in section 582.'

Further amend the Bill by striking out all of section 6

Further amend the Bill in section 11 in the 4th line (3rd line in L.D.) by striking out the figure "6" and inserting in its place the figure '5'

Further amend the Bill by renumbering the sections to read consecutively

Statement of Fact

The purposes of this amendment are to:

1. Require the State Tax Assessor, calling on outside technical expertise as necessary, shall set the discount factor for extractability and the capitalization rate to be used in forest land valuation;

2. Require that these determinations of the discount factor and capitalization rate shall be certified and deposited in the office of the Secretary of State in the same manner currently used for the state valuation; and

3. To adjust slightly the date of which the State Tax Assessor must make his final determinations under the Tree Growth Tax Law.

Reported by the Committee on Taxation.

Reproduced and distributed under the direction of the Clerk of the House.
6/23/77

(Filing No. H-828)