

MAINE STATE LEGISLATURE

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FIRST REGULAR SESSION

ONE HUNDRED AND NINTH LEGISLATURE

Legislative Document

No. 563

H. P. 446

House of Representatives, February 14, 1979

Referred to the Committee on Taxation. Sent up for concurrence and ordered printed.

EDWIN H. PERT, Clerk

Presented by Mr. Hall of Sangerville.

Cosponsors: Mr. Fenlason of Danforth and Mr. Drinkwater of Belfast.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SEVENTY-NINE

AN ACT to Require that Forest Land be Taxed According to Current Use.

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

Sec. 1. 36 MRSA § 572, as amended by PL 1973, c. 308, § 1, is repealed and the following enacted in its place:

§ 572. Purpose

This subchapter implements the 1970 amendment of the Maine Constitution, Article IX, Section 8, providing for valuation of timberland and woodlands according to their current use.

Sec. 2. 36 MRSA § 573, sub-§ § 2, 8 and 9, as enacted by PL 1971, c. 616, § 8, are repealed.

Sec. 3. 36 MRSA § 574, as amended by PL 1973, c. 308, § 3, is repealed and the following enacted in its place:

§ 574. Applicability

This subchapter shall apply to any parcel which contains 10 acres or more of forest land. An owner of forest land to which this subchapter applies may elect to be taxed under this subchapter by filing with the assessor an application on a form

approved by the State Tax Assessor, and shall also file a written forest management plan. The plan shall indicate inventory, owners objectives, planned harvest schedules, timber stand improvement schedules and schedules for any other work to be done. The plan shall be accompanied by an affidavit of approval by a registered professional forester and by an affidavit from the owner of his intent to follow the plan. At least once every 5 years the owner shall file an affidavit of his intent to follow the plan. The plan may be amended and any such amendment shall be accompanied by an affidavit of approval by a registered forester and by an affidavit from the owner of his intent to follow the plan.

Sec. 4. 36 MRSA § 576, as last amended by PL 1977, c. 694, § § 678 and 679, is repealed and the following enacted in its place:

§ 576. Power and duties

The State Tax Assessor shall establish the average sales price of forest land of each forest type in each county or alternative forest economic region designated to him. He shall establish procedures for determining which land transfers represent sales of forest land. He shall exclude those sales made under stress or other unusual conditions. Average sale prices shall be calculated from sales for a 2-year time period and the first period shall include sales through December 31, 1978. If a suitable number of land transfers are not available for this calculation, the average sales price shall be based on the appropriate land transfers for the most recent 4-year period. The average sale prices established by the State Tax Assessor shall be used by the municipal assessors, the chief assessor of primary assessing areas and the State Tax Assessor in the unorganized territory, to assess each parcel of forest land.

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 the determinations on or before October 1, 1979, and on or before October 1st biennially thereafter. The State Tax Assessor shall give public notice of these orders by certifying a copy of the orders to the Secretary of State and in such other manner as he determines reasonable.

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

Sec. 5. 36 MRSA § 576-B, as amended by PL 1977, c. 694, § § 680 to 685, is repealed.

Sec. 6. 36 MRSA § 578, sub-§ 1, first ¶, as repealed and replaced by PL 1977, c. 282, is repealed and the following enacted in its place:

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.

Sec. 7. 36 MRSA § 578, sub-§ 2, 2nd and 3rd sentences, as amended by PL 1973, c. 308, § 8, are further amended to read:

~~Commencing April 1, 1973, forest~~ **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. ~~If the April 1, 1973 total assessed valuation of forest lands under this subsection for the entire unorganized territory is more than 10% less than the April 1, 1972 total assessed valuation of such forest lands for the entire unorganized territory, the State Tax Assessor shall adjust the April 1, 1973 assessed values of such forest lands proportionately back to a 10% aggregate change.~~

Sec. 8. 36 MRSA § 578, sub-§ 2, last sentence, is repealed.

Sec. 9. 36 MRSA § 581, as last amended by PL 1977, c. 509, §§ 8 and 9, is further amended by adding at the end 3 new paragraphs to read:

Notwithstanding anything in this section, an owner of forest land whose land is classified under this subchapter at the effective date of this Act, may for one year after the effective date of this Act, withdraw his land by paying an amount equal to the taxes and interest which would have been assessed for the 5 tax years, or any lesser number of tax years starting with the year in which the property was first classified preceding that withdrawal had that forest land been assessed in each of those years at its fair market value on the date of withdrawal less all taxes paid on that forest land over the preceding 5 years, or lesser number of years, as applicable. Thereafter, withdrawal shall be according to this section.

An owner of forest land whose land is classified under this subchapter at the effective date of this Act shall within 2 years of that date file with the assessors a written forest management plan and affidavits as described in section 574. Any owner who fails to do so shall be deemed after notice and hearing to have withdrawn his land from classification under this subchapter.

An owner who substantially fails to follow his written forest management plan shall be deemed after notice and hearing to have withdrawn his land from classification under this subchapter.

Sec. 10. 36 MRSA § 584-B is enacted to read:

§ 584-B. Tax credit or tax rebate

Each owner of forest land under this subchapter who is subject to chapters 801 to 839 shall be entitled to a tax credit against any tax imposed by those chapters or shall be entitled to a tax rebate, as follows:

1. Amount. The tax credit or tax rebate shall be an amount equal to 60% of the local real estate tax paid upon the first 50 aggregate acres of forest land owned under this subchapter.

2. Procedure; qualification. A claim for a tax credit shall be made on the claimant's Maine income tax return. A claim for a tax rebate shall be made on a form prescribed by the State Tax Assessor. The claim shall be signed by the claimant subject to the falsification penalties provided by Title 17-A, chapter 19. A claimant shall not file for a tax rebate unless the amount to which the claimant is due as a tax credit exceeds any taxes owed under chapters 801 to 839.

STATEMENT OF FACT

This bill achieves a balance between equitable taxation of forest lands and the need to encourage the management and retention of forest lands by taxing forest lands at current use. It also provides tax credits or rebates for the first 50 acres of forest land to preserve ownership patterns of forest land. The bill will cost considerably less than the \$330,000 now being reimbursed to municipalities under the current law.

Forest Land Tax Credit Or Tax Rebate To Individuals Or Entities Subject To Maine State Income Tax On First 50 Aggregate Acres of Forest Land

Based Upon 1978 Estimates

Number of Forestland Owners		Number of Forestland Parcels	
Organized Territory	5,000	Organized Territory	7,000
Unorganized Territory	300	Unorganized Territory	2,000
	5,300		9,000

Property Taxes Estimated On Current Use Market Value of Forestland

Average Current Use Market Value/Acre	\$106
Average Mill Rate	.018
Parcel Size	50 Acres
Current Use Taxes	$\$106 \times .018 \times 50 = \95.40
60% Tax Credit	$\$95.40 \times 60\% = \57.34
Current Use Taxes With Credit	$\$95.40 - \$57.34 = \$38.16$
Average Tree Growth Value/Acre	\$40.00
Average Mill Rate	.018
Parcel Size	50 Acres
Tree Growth Taxes	$\$40.00 \times .018 \times 50 = \36.00

Cost Of Tax Credit Or Tax Rebate

(Assuming All Forest Land Owners Are Eligible And All Forest Land Parcels Are At Least 50 Acres)

Current Reimbursement To Municipalities	\$330,000	Approx.
Estimated Number Of Forest Land Owners	5,300	
Tax Credit On First 50 Aggregate Acres	\$57.34	
Cost Of Credit Or Rebate	$5,300 \times \$57.34 = \$303,902.$	*

*In fact, all forest land parcels do not contain at least 50 acres, and all forest land owners will not qualify. Therefore, even greater savings to the State will exist.