

MAINE STATE LEGISLATURE

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FIRST REGULAR SESSION

ONE HUNDRED AND NINTH LEGISLATURE

Legislative Document

No. 1523

H. P. 1270

House of Representatives, March 30, 1979

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

EDWIN H. PERT, Clerk

Presented by Mrs. Post of Owl's Head.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SEVENTY-NINE

**AN ACT to Impose a Tax on Timber at Harvest to Provide for Reimbursement to
Communities for Loss from the Tree Growth Tax Law.**

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

Sec. 1. 36 MRSA § 305, sub-§ 1, as last amended by PL 1975, c. 272, § 34, is further amended by adding at the end a new sentence to read:

In placing a value on lands in the organized areas classified under chapter 105, subchapter II-A, the Tree Growth Tax Law, for purposes of this section the undeveloped acreage value of the land shall be used and not the value under chapter 105, subchapter II-A.

Sec. 2. 36 MRSA § 578, sub-§ 1, as amended by PL 1977, c. 720, § 3, is repealed and the following enacted in its place: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.

A municipality shall be entitled in any tax year to an amount equal to the difference between the aggregate taxes assessed on land classified under this subchapter and the aggregate taxes on this land that could be assessed if the 100% valuation of that land was the same as that used by the State Tax Assessor for similar undeveloped acreage in the computation of the state valuation.

Sec. 3. 36 MRSA c. 105, sub-c. XI is enacted to read:

SUBCHAPTER XI

HARVEST TAX ON TREE GROWTH LANDS

§ 1121. Purpose

The purpose of this subchapter is to provide funds to reimburse towns for tax revenues lost as a result of the Tree Growth Tax Law. The funds are raised by a yield tax imposed on the harvest of timber from lands classified under the Tree Growth Tax Law and paid into a dedicated fund. The tax rate is to be adjusted annually to raise only as much as is needed to fund the reimbursement.

§ 1122. Definitions

As used in this subchapter, unless the context indicates otherwise, the following terms shall have the following meanings.

1. Harvest. "Harvest" shall mean cut, sever or remove for use or sale.
2. Immediate harvest value. "Immediate harvest value" shall mean the dollar amount that each species or subclass of timber would sell for at a voluntary sale made in the ordinary course of business for purposes of immediate harvest.
3. Owner. "Owner" shall mean any person, partnership, corporation or association of whatever nature owning the harvested timber at the time of harvest or acquiring title by virtue of the harvest and payment therefor. A grantor of timber who acquires it after harvest shall be its owner.
4. Timber. "Timber" shall mean wood growth, mature or immature, growing or dead, standing or down.

§ 1123. Yield tax imposed

All owners of timber harvested from land subject to taxes under subchapter II-A shall pay the yield tax specified in section 1125 on the immediate harvest value of timber harvested in merchantable quantities, except that timber harvested either for the timber owner's own domestic use as firewood or for other similar noncommercial purposes shall not be subject to yield tax.

§ 1124. Rate of tax

The rate of the tax shall be 5% for timber harvested during 1980. The Legislature shall annually enact legislation to determine the rate thereafter. The rate shall be set at a level sufficient to provide revenue to fund reimbursement pursuant to section 578. Annually, by the date of the convening of the Legislature,

the State Tax Assessor shall certify his itemized estimate of the yield tax rate needed to fund the reimbursement for the subsequent calendar year, taking into account unexpended balances of the Tree Growth Tax Law Reimbursement Fund.

§ 1125. Tree Growth Tax Law Reimbursement Fund

There is established a Tree Growth Tax Law Reimbursement Fund to receive all yield tax moneys collected pursuant to section 1123. The State Tax Assessor is authorized and directed to expend each year as much of the fund as is necessary to reimburse municipalities pursuant to section 578. Any unexpended balance in the fund shall not lapse, but shall be carried forward for the next calendar year and shall be available for the purposes authorized by section 578.

§ 1126. Immediate harvest value determined

The State Tax Assessor shall annually before January 1st determine the immediate harvest value of timber to be harvested to be used during the year beginning January 1st in computing the yield tax. The immediate harvest value shall be "the stumpage value" for each forest type applicable in each county determined by the State Tax Assessor pursuant to section 576.

§ 1127. Payment of tax; declaration of value

Within one month of harvesting any taxable timber, or month to month in the event of continuous harvesting, the owner shall declare the quantity, forest type and location of all timber on forms supplied by the State Tax Assessor to the assessors of the municipality where the timber was harvested, or the State Tax Assessor in the unorganized territory, who shall collect the yield taxes and pay it into the Tree Growth Tax Law Reimbursement Fund.

§ 1128. Quantity harvested

The quantity of timber harvested shall be determined by the Scribner Decimal Scale C or other prevalent measuring practices adjusted to arrive as substantially equivalent measurements.

§ 1129. Administration of the yield tax

The State Tax Assessor is empowered to promulgate rules and regulations in accordance with the Maine Administrative Procedure Act necessary to the proper administration of the yield tax.

STATEMENT OF FACT

This bill creates a dedicated timber harvest tax to be used solely to reimburse towns for tax shifts resulting from the Tree Growth Tax Law, a property tax relief statute for timberland owners. The tax rate is subject to adjustment each year so that it will yield only sufficient funds to finance the reimbursement.