

# MAINE STATE LEGISLATURE

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FIRST REGULAR SESSION

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ONE HUNDRED AND TENTH LEGISLATURE

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**Legislative Document**

**No. 689**

H. P. 612

House of Representatives, February 5, 1981

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

EDWIN H. PERT, Clerk

Presented by Representative Moholland of Princeton.

Cosponsor: Senator Brown of Washington.

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STATE OF MAINE

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IN THE YEAR OF OUR LORD NINETEEN HUNDRED AND EIGHTY-ONE

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**AN ACT to Revise the Tree Growth Tax Law.**

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

**Sec. 1. 12 MRSA § 8403, sub-§ 2**, as enacted by PL 1979, c. 545, § 3, is amended to read:

**2. Forest land.** "Forest land" means land in contiguous parcels which ~~are~~ **were** subject to mandatory taxation pursuant to Title 36, chapter 105, subchapter II-A **as of April 1, 1979.**

**Sec. 2. 12 MRSA § 8405, sub-§ 3, first sentence**, as repealed and replaced by PL 1979, c. 737, § 4, is amended to read:

Persons owning parcels of forest land, including persons claiming timber and grass rights in public reserved lands, which ~~are were~~ classified as forest land pursuant to Title 36, chapter 105, subchapter II-A, **as of April 1, 1979**, of more than 500 acres within the Spruce Fir Forest Protection District shall be subject to the pre-project and post-project excise taxes established under section 8406 on the privilege of owning and operating such parcels of forest land, except as provided in this subchapter.

**Sec. 3. 36 MRSA § 573, sub-§ 3**, as amended by PL 1973, c. 308, § 2, is repealed and the following enacted in its place:

3. **Forest land.** "Forest land" means land used primarily for growth of trees for commercial use, but does not include ledge, marsh, open swamp, bog, water and similar areas, which are unsuitable for growing a forest product even though these areas may exist within forest lands.

Land which would otherwise be included within this definition shall not be excluded because of multiple use for public or private recreation or because it is under contract with a state or federal agency restricting its use for timber production. Commercial use, as used in this subchapter, shall include an owner's use of wood harvested from the owner's land.

Sec. 4. 36 MRSA § 574, as amended by PL 1973, c. 308, § 3, is further amended to read:

**§ 574. Applicability**

~~This subchapter shall have mandatory application to any parcel which contains more than 500 acres of forest land~~ An owner of a parcel containing forest land of 500 acres or less may apply at his election by filing with the assessor the schedule provided for in section 579; except that this subchapter shall not apply to any parcel containing less than 10 acres of forest land. For purposes of this subchapter, a parcel is deemed to include a unit of real estate, notwithstanding that it is divided by a road, way, railroad, pipeline or land of another, providing the road, way, railroad, pipeline or land of another does not exceed one mile in width. The election to apply shall require the unanimous consent of all owners of an interest in a parcel, except for the State of ~~Maine~~ which is not subject to taxation hereunder.

Land shall be included, upon presentation by the landowner of evidence that the land is being used primarily for growth of trees for commercial use, as follows:

- A. A sworn statement from the landowner establishing that the landowner is engaged in the business of selling or processing forest products;
- B. A sworn statement from a registered professional forester that the land is being managed primarily for growth of trees for commercial use; or
- C. A written forest management plan for commercial use of the land, accompanied by a sworn statement from the landowner that he is following that plan.

Sec. 5. 36 MRSA § 576, first ¶, first sentence, as amended by PL 1973, c. 460, § 18, is further amended to read:

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 or region 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 Bureau.

**Sec. 6. 36 MRSA § 576, 2nd ¶**, as enacted by PL 1971, c. 616, § 8, is amended to read:

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.

**Sec. 7. 36 MRSA § 576, 5th ¶**, as last amended by PL 1977, c. 694, § 678, is further amended to read:

The State Tax Assessor shall hold one or more public hearings, upon the foregoing matters to be determined, shall provide for a transcript thereof, and shall issue a rule or rules stating said determinations on or before October 1, 1978, and on or before October 1st ~~biennially~~ each year thereafter.

**Sec. 8. 36 MRSA § 578, sub-§ 1, first ¶**, as repealed and replaced by PL 1977, c. 282, is amended to read:

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 or region 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. ~~For any tax year in which a municipality has a situation where the aggregate tax assessed on lands classified under this subchapter is less than 90% of the aggregate tax assessed on the same lands in 1972, the municipality shall have a valid claim against the State to recover the taxes lost to the extent that such loss exceeds a 10% loss from 1972, upon proof of the facts in form satisfactory to the State Tax Assessor~~ For any tax year beginning on or after January 1, 1980, in which a municipality's aggregate tax assessed on lands classified under this subchapter is less than the aggregate tax that could have been assessed on the same lands in that year, using the undeveloped acreage valuations which the State uses in computing the state valuation, but for this subchapter, by more than 5% of the municipality's total tax levy, the municipality shall have a claim against the State to recover the taxes lost in excess of 5% of the total municipal tax levy, not to exceed 1/2 of the total tax levy, with adjustments for any state subsidies or aid programs that may be affected by changes in municipal valuations, upon proof of the facts in form satisfactory to the State Tax Assessor.

**Sec. 9. 36 MRSA § 578, sub-§ 1, 2nd ¶**, as repealed and replaced by PL 1977, c. 282, is repealed.

**Sec. 10. 36 MRSA § 578, sub-§ 1, 3rd, 4th and 5th ¶¶**, as enacted by PL 1977, c. 720, § 3 are repealed.

## STATEMENT OF FACT

The purpose of this bill is to: Tighten eligibility requirements for placing land under the Tree Growth Tax Law; require annual determination of stumpage values instead of every 2 years; apply the existing state reimbursement funds to municipalities to the extent they have a tax shift in excess of 5%; and make other necessary changes in the Tree Growth Tax Law.

Sections 1 and 2 are technical changes to the Spruce Budworm Suppression Act made necessary because of the elimination of the mandatory 500 acre provision.

Section 3 clarifies the definition of "forest land."

Section 4 eliminates the mandatory application provisions relative to parcels of more than 500 acres, and makes it clear that parcels are not ineligible merely because they are divided by a road or way, etc. Section 4 also tightens eligibility requirements.

Section 5 allows valuation factors to be considered regionally or by county.

Sections 6 and 7 provide for annual stumpage valuation instead of every 2 years.

Sections 8, 9 and 10 apply existing state reimbursement funds to those municipalities demonstrating a 5% or more tax shift.

The change to an annual determination of stumpage values will result in an approximate 20% increase in 1982 over and above the approximate 34% increase effective April 1, 1981, because of increased stumpage valuations under current law. This is expected to result in a similar tax increase for forest landowners in 1982 as compared to 1981.