

MAINE STATE LEGISLATURE

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1 FIRST REGULAR SESSION
2

3 ONE HUNDRED AND ELEVENTH LEGISLATURE
4

5 Legislative Document

No. 859

7 H.P. 676 House of Representatives, February 23, 1983

8 On Motion of Representative Higgins of Portland referred to the
9 Committee on Taxation. Sent up for concurrence and ordered printed.

10 EDWIN H. PERT, Clerk

11 Presented by Representative Day of Westbrook.

12 STATE OF MAINE
13

14 IN THE YEAR OF OUR LORD
15 NINETEEN HUNDRED AND EIGHTY-THREE
16

17 AN ACT Relating to the Adjustment to the
18 Penalty for Withdrawal from Current Use
19 Tax Laws.
20

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

23 Sec. 1. 36 MRSA §581, 3rd ¶, as amended by PL
24 1979, c. 445, §2, is further amended to read:

25 In either case, and except when the change is
26 occasioned by a transfer to the State or other entity
27 holding the power of eminent domain, resulting from
28 the exercise or threatened exercise of that power,
29 withdrawal shall impose a penalty upon the owner
30 which shall be the greater of (a) an amount equal to
31 the taxes which would have been assessed on the first
32 day of April for the 5 tax years, or any lesser
33 number of tax years starting with the year in which
34 the property was first classified, preceding such

1 withdrawal had such real estate been assessed in each
2 of those years at its fair market value on the date
3 of withdrawal less all taxes paid on said that real
4 estate over the preceding 5 years, and interest at
5 the legal rate from the date or dates on which said
6 those amounts would have been payable or (b) an
7 amount computed by multiplying the amount, if any, by
8 which the fair market value of the real estate on the
9 date of withdrawal exceeds the 100% valuation of the
10 real estate pursuant to this subchapter on the pre-
11 ceding April 1st, by the following rates: ~~10% from~~
12 ~~April 1, 1973 to March 31, 1978, 20% from April 1,~~
13 ~~1978 to March 31, 1983 and 30% after March 31, 1983~~
14 (i) If the real estate was subject to valuation under
15 this subchapter for 10 years or less prior to the
16 date of withdrawal, the rate shall be 30%; and (ii)
17 if the real estate was subject to valuation under
18 this subchapter for more than 10 years prior to the
19 date of withdrawal, the rate shall be that percentage
20 obtained by subtracting 1% from 30% for each full
21 year beyond 10 years that the real estate was sub-
22 ject to valuation under this subchapter prior to the
23 date of withdrawal until a rate of 20% is reached.
24 Fair market value at the time of withdrawal is the
25 assessed value of comparable property in the municipi-
26 tality adjusted by the municipality's certified
27 assessment ratio.

28 Sec. 2. 36 MRSA §1112, 2nd ¶, as enacted by PL
29 1975, c. 726, §2, is repealed and the following
30 enacted in its place:

31 The penalty for withdrawal from classification of
32 land under this subchapter shall result in a penalty
33 which shall be the greater of (a) an amount equal to
34 the taxes which would have been assessed on the first
35 day of April for the 5 tax years, or any lesser
36 number of tax years starting with the year in which
37 the property was first classified, preceding the
38 withdrawal had that real estate been assessed in each
39 of those years at its fair market value on the date
40 of withdrawal less all taxes paid on that real estate
41 over the preceding 5 years, and interest at the legal
42 rate from the date or dates on which the amounts
43 would have been payable or (b) an amount computed by
44 multiplying the amount, if any, by which the fair
45 market value of the real estate on the date of with-

1 drawal exceeds the 100% valuation of the real estate
2 pursuant to this subchapter on the preceding April
3 1st, by the following rates: (i) If the real estate
4 was subject to valuation under this subchapter for 10
5 years or less prior to the date of withdrawal, the
6 rate shall be 30%; and (ii) if the real estate was
7 subject to valuation under this subchapter for more
8 than 10 years prior to the date of withdrawal, the
9 rate shall be that percentage obtained by subtracting
10 1% from 30% for each full year beyond 10 years that
11 the real estate was subject to valuation under this
12 subchapter prior to the date of withdrawal until a
13 rate of 20% is reached. Fair market value at the
14 time of withdrawal is the assessed value of compara-
15 ble property in the municipality adjusted by the
16 municipality's certified assessment ratio.

17 STATEMENT OF FACT

18 The Tree Growth Tax Law and the Farm and Open
19 Space Tax Law have common objectives, but dissimilar
20 penalties for withdrawal of land. The difference is
21 confusing to people who have both types of land. The
22 purpose of this bill is to make the penalties the
23 same. The current 30% penalty for withdrawal is a
24 substantial deterrent to people placing their land
25 into either open space or tree growth, thus negating
26 the original intent of the law. This bill provides
27 that, after 10 years of classification, the penalty
28 shall be reduced by 1% for each additional year of
29 classification until 20% is reached.

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