

# MAINE STATE LEGISLATURE

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L.D. 1661

(Filing No. H-486 )

STATE OF MAINE  
HOUSE OF REPRESENTATIVES  
112TH LEGISLATURE  
FIRST SPECIAL SESSION

COMMITTEE AMENDMENT "A" to H.P. 1163, L.D. 1661, Bill, "AN ACT Establishing a Commercial Forestry Excise Tax and Providing an Appropriation for Refunding Maine Forest Fire Suppression Taxes Paid."

Amend the Bill by striking out all of the emergency preamble.

Further amend the Bill by striking out all of section 2 and inserting in its place the following:

'Sec. 2. 36 MRSA c. 367 is enacted to read:

CHAPTER 367

COMMERCIAL FORESTRY EXCISE TAX

§2721. Legislative findings

The Legislature finds that engaging in commercial forestry is a privilege that results in costs as well as benefits to the State and that persons enjoying that privilege should be subject to the tax imposed by this chapter.

The Legislature further finds that the persons owning 500 acres or more of forest land are typically engaged in commercial forest activity. Historically, that amount of land has been used for administrative efficiency and to delineate the amount of land indicative of management for commercial activity, especially for purposes of the Maine Tree Growth Tax Law and the spruce budworm tax. The activity of growing commercially valuable trees is one which occupies a very long cycle. It is not uncommon that 40 years must pass between the planting of a seedling and the time when the tree will be harvested for commercial

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1 use. During that interim, it may at times be diffi-  
2 cult to discern any obvious commercial activity tak-  
3 ing place on the land. In many instances, the best  
4 accepted commercial practice with regard to that forest  
5 land is to do nothing other than to allow the  
6 trees to follow the natural course of maturation.  
7 Experience has shown that it is almost inevitable  
8 that a large amount of land containing commercially  
9 valuable trees will at some point be harvested for  
10 commercial purposes. Owners of such large amounts of  
11 land will receive the financial benefit of commercial  
12 activity either through the sale of the forest  
13 product or through the increased value that the forest  
14 product adds to the land when the land is trans-  
15 ferred.

16 §2722. Annual tax

17 An excise tax is imposed upon the privilege of  
18 using one's land in commercial forestry enterprise in  
19 this State. The tax shall be levied upon owners of  
20 commercial forest land and shall be apportioned ac-  
21 cording to the formula specified in section 2723.  
22 The State, municipalities and the Federal Government  
23 are not subject to this tax.

24 §2723. Computation of the tax

25 1. Fiscal years beginning with 1986-87. By Sep-  
26 tember 1, 1986, and annually thereafter, the Commis-  
27 sioner of Conservation shall certify to the State Tax  
28 Assessor the amount appropriated from the General  
29 Fund by the Legislature for that fiscal year and the  
30 amounts of any other receipts of funds as a result of  
31 forest fire protection activities, including pro-  
32 jected federal funds, actual receipts from municipal-  
33 ities and the unorganized territory pursuant to Title  
34 12, sections 9204, 9205 and 9205-A, for the preceding  
35 fiscal year and receipts from sales of vehicles, land  
36 and equipment attributable to the preceding fiscal  
37 year. The State Tax Assessor shall subtract receipts  
38 from other sources from the General Fund appropria-

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1     tion for forest fire control and divide the result by  
2     2. This amount shall be divided by the total number  
3     of adjusted acres of commercial forest land, rounded  
4     to the nearest 1/10 of a cent and multiplied by the  
5     number of adjusted acres of commercial forest land  
6     owned by each taxpayer to determine the amount of tax  
7     for which each owner of commercial forest land shall  
8     be liable.

9             2. Fiscal year 1985-86. For fiscal year  
10     1985-86, the amount of the tax assessed against each  
11     owner of commercial forest land shall be determined  
12     by dividing \$9,827,150 by the total number of ad-  
13     justed acres of commercial forest land, rounded to  
14     the nearest 1/10 of a cent and multiplying by the  
15     number of adjusted acres owned by each taxpayer.

16             3. Minimum tax. If the amount calculated under  
17     this chapter is less than \$5, the amount assessed  
18     shall be \$5.

19     §2724. Definitions

20             As used in this chapter, unless the context oth-  
21     erwise indicates, the following terms have the fol-  
22     lowing meanings.

23             1. Adjusted acres. "Adjusted acres" means the  
24     total number of acres of commercial forest land owned  
25     by a person throughout the State reduced by 500  
26     acres. Cotenants of property, whether joint tenants  
27     or tenants in common, shall be treated as one person  
28     and shall collectively be entitled to only one  
29     500-acre reduction.

30             2. Commercial forest land. "Commercial forest  
31     land" means land which is classified or which is eli-  
32     gible for classification as forest land pursuant to  
33     the Maine Tree Growth Tax Law, chapter 105, subchap-  
34     ter II-A, except that "commercial forest land" does  
35     not include land described in section 573, subsection  
36     3, paragraph B, C or D. In determining whether land

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1 not classified under the Maine Tree Growth Tax Law is  
2 eligible for classification under that law, all facts  
3 and circumstances shall be considered, including  
4 whether the landowner is engaged in the forest  
5 products business and the land is being used in that  
6 business or there is a forest management plan for  
7 commercial use of the land or a particular parcel of  
8 land has been harvested for commercial purposes with-  
9 in the preceding 5 years.

10 §2725. Due date

11 This excise tax is due May 1, 1986, and each sub-  
12 sequent May 1st.

13 §2726. Administration

14 1. Returns. The State Tax Assessor shall pre-  
15 scribe and make available the required tax return.  
16 All owners of more than 500 acres of forested land,  
17 whether or not that land is commercial forest land,  
18 shall complete and file tax returns with the State  
19 Tax Assessor no later than March 1, 1986, and each  
20 subsequent March 1st.

21 2. Date of ownership. The ownership and use of  
22 forested land for purposes of this chapter shall be  
23 determined as of April 1st preceding the date that  
24 the tax return is due.

25 3. Notice. The State Tax Assessor shall notify  
26 all landowners subject to this tax of the tax as-  
27 essed against them no later than 30 days before the  
28 date that the tax is due. Failure to notify a land-  
29 owner shall not relieve the obligation to pay the tax  
30 when due.

31 4. Supplemental assessments. Supplemental as-  
32 sessments may be made in accordance with section 141.

33 5. Interest and penalties. Taxes remaining un-  
34 paid after the due date are subject to interest and

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1 penalty as provided in chapter 7.

2 6. Enforcement. The tax imposed by this chapter  
3 may be enforced by the same enforcement and collec-  
4 tion procedures as those provided for income taxes in  
5 chapter 835.

6 §2727. Credit; refund

7 The State Tax Assessor shall, to the extent rea-  
8 sonably possible, offset refunds of tax paid under  
9 chapter 366 as a credit against the tax due under  
10 this chapter. Amounts collected under chapter 366 for  
11 which a credit on the tax bills for fiscal year  
12 1985-86 is not provided shall be refunded before May  
13 1, 1986. Interest shall be paid in accordance with  
14 section 186.'

15 Further amend the Bill in section 4, in the 9th  
16 line (page 6, line 12 in L.D.) by striking out the  
17 figure "\$7,222,000" and inserting in its place the  
18 figure '\$7,279,150'

19 Further amend the Bill by striking out all of the  
20 emergency clause and inserting in its place the fol-  
21 lowing:

22 'Sec. 5. Effective date. Section 4 of this Act  
23 shall take effect April 1, 1986.'

24 FISCAL NOTE

25 This bill repeals the forest fire suppression tax  
26 which was scheduled to produce \$2,539,100 in fiscal  
27 year 1985-86. It imposes an excise tax on commercial  
28 forest activity which raises \$9,827,150 in fiscal  
29 year 1985-86, which is sufficient to pay refunds of  
30 the forest fire suppression tax, including interest,  
31 and to cover the amount that would have been col-  
32 lected this year under that tax.'

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STATEMENT OF FACT

2           This amendment provides a formula to specify that  
3 the amount of the excise tax on commercial forestry  
4 to be collected in future years shall be equal to 1/2  
5 of the net cost of forest fire suppression to the  
6 General Fund. It also increases the appropriation  
7 necessary to pay the refunds for the 1983 and 1984  
8 taxes to take into account the additional 30 days be-  
9 fore the refunds are due. It also makes some  
10 nonsubstantive changes to clarify the intent of the  
11 original bill.

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Reported by the Majority of the Committee on Taxation  
Reproduced and distributed under the direction of the  
Clerk of the House.

11/12/85

(Filing No. H-486)