MAINE STATE LEGISLATURE

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1 2	FIRST REGULAR SESSION			
3 4	ONE HUNDRED AND THIRTEENTH LEGISLATU	RE		
5 6	Legislative Document	NO.	150	
7	H.P. 124 House of Representatives, Janua Reported by Representative TARDY from the Comm	ni ttee	on	37
9	Agriculture. Sent up for concurrence and ordered printed. Approved by the Legislative Council on April 15, 1986. EDWIN H. PERT, Clerk			
10	Reported from the Joint Standing Committee on Agric under Joint Rule 19.			
11				
12 13	STATE OF MAINE			
14 15 16	IN THE YEAR OF OUR LORD NINETEEN HUNDRED AND EIGHTY-SEVEN	ļ		
17 18 19	AN ACT to Amend the Farm and Open Space Tax Law.	,		
20 21	Be it enacted by the People of the State of follows:	Mai	ne	as
22 23	<pre>Sec. 1. 36 MRSA §1102, sub-§4, as ena 1975, c. 726, §2, is amended to read:</pre>	cted	bу	PL
24 25 26 27 28 29 30	4. Farmland. "Farmland" means any tracts of land, including woodland and wa at least 10 5 contiguous acres on which fagricultural activities have produced a grear year in one of the 2 or 3 of the 5 cale preceding the date of application for class of at least:	stel armi oss ndar	and ng inco yea	or me rs

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- B. \$100 per acre for each acre over 10, with the total income required not to exceed \$2,000; and
- 3 C. \$2,500 for a tract containing at least 5, but less than 10 acres.

- Gross income as used in this section includes the value of commodities produced for consumption by the farm household. Any applicant for assessment under this subchapter bears the burden of proof as to his qualification.
- For purposes of this subchapter, "tract" means a unit of real estate, even if it is divided by a road, way, railroad or pipeline or by a municipal or county line.
- 14 Sec. 2. 36 MRSA §1112, 2nd ¶, as enacted by PL
 15 1975, c. 726, §2, is amended to read:
 - Such penalty shall be an amount computed by multiplying the amount, if any, by which the fair market value of the real estate on the date of withdrawal exceeds the 100% valuation of the real estate pursuant to this subchapter on the preceding April 1st by the following rates: Ten percent for land which has been taxed under this subchapter for 5 years or less, and 20% for land which has been taxed under this subchapter for more than 5 years but less than 10 11 years and 30% for land which has been taxed under this subchapter for more than 5 years but less than 10 11 years and 30% for land which has been taxed under this subchapter for more than 5 years but less than 10 11 years and 30% for land which has been taxed under this subchapter for 10 years or more.
 - Sec. 3. 36 MRSA §1112, 3rd \P , as enacted by PL 1983, c. 400, §§2 and 3, is repealed and the following enacted in its place:
 - If the real estate was subject to valuation under this subchapter for more than 10 years prior to the date of withdrawal, the rate shall be determined by deducting 1% from 20% for each full year beyond 10 years that the real estate was subject to valuation under this subchapter prior to the date of withdrawal until a minimum rate of 10% is reached in the 20th year. Beyond the 20-year period, the rate shall remain at 10% for real estate subject to valuation under this subchapter. In no event may the penalty be less than the minimum required by the Constitution of Maine, Article IX, Section 8.

1 Sec. 4. Effective date. Section 1 of this bill 2 shall take effect on April 1, 1988.

STATEMENT OF FACT

This bill results from the study done by the Agriculture Committee during the interim on the Farm and Open Space Tax Law.

The study subcommittee has recommended 2 major changes in the law.

- 1. The first change is to allow farms with land holdings between 5 and 10 acres to gain entry into the program. This change will enable small commercial farms operating in or near urban centers to gain some tax relief while at the same time giving those farms more support to maintain their land holdings in agricultural production. The income generating requirement for the new category is the stiffest imposed no less than \$2,500.
- 2nd change is to reduce the rate of the recapture penalty. Under current law, the percentage rate escalates to 30% at 10 years of classification and then the rate declines a percentage point a year over the next 10 years until it drops down The committee recommends changing the percentage rate from 30% to 20% at the 10-year point and then reduc-ing that rate 1% each year until it drops back down to a minimum 10%.