

# MAINE STATE LEGISLATURE

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(New Draft of H.P.443, L.D. 596)  
SECOND REGULAR SESSION

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ONE HUNDRED AND THIRTEENTH LEGISLATURE

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Legislative Document

NO. 2177

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H.P. 1591 House of Representatives, February 1, 1988  
Reported by Representative MAYO from the Committee on  
Taxation and printed under Joint Rule 2.

EDWIN H. PERT, Clerk

Original bill sponsored by Representative HICHBORN of  
LaGrange. Cosponsored by Senators PEARSON of Penobscot, EMERSON  
of Penobscot and Representative CLARK of Millinocket.

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STATE OF MAINE

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

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1           **AN ACT to Amend the Maine Tree Growth Tax Law.**  
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3           Be it enacted by the People of the State of Maine as  
4           follows:

5                   **Sec. 1. 36 MRSA §578, sub-§1, as amended**  
6           by PL 1981, c. 706, §7, is further amended to read:

7                   1. Organized areas. The municipal assessors or  
8           chief assessor of a primary assessing area shall

1 adjust the State Tax Assessor's 100% valuation per  
2 acre for each forest type of their county by whatever  
3 ratio, or percentage of current just value, is then  
4 being applied to other property within the  
5 municipality to obtain the assessed values. Forest  
6 land in the organized areas, subject to taxation under  
7 this subchapter, shall be taxed as the property tax  
8 rate applicable to other property in the municipality,  
9 which rate shall be applied to the assessed values so  
10 determined. For any tax year in which a  
11 municipality has a situation where the aggregate tax  
12 assessed on lands classified under this subchapter is  
13 less than 90% of the aggregate tax assessed on the  
14 same lands in 1972, the municipality shall have a  
15 valid claim against the State to recover the taxes  
16 lost to the extent that such loss exceeds a 10% loss  
17 from 1972, upon proof of the facts in form  
18 satisfactory-to-the-State-Tax-Assessor.

19 The State Tax Assessor is authorized to make  
20 provisional payment of up to 75% of any municipal  
21 claim found to be in satisfactory form. The payment  
22 shall be made within 90 days after receipt of a  
23 satisfactory claim and shall be presented for final  
24 settlement to the Legislature next convening.

25 In tax years beginning on or after January 1, 1970,  
26 April 1, 1988, the State Tax Assessor shall determine  
27 annually the amount of acreage in each municipality  
28 which is classified and taxed in accordance with this  
29 subchapter. A municipality actually levying and  
30 collecting municipal property taxes and within whose  
31 boundaries this acreage lies shall receive annual  
32 payments from moneys money so appropriated by the  
33 Legislature provided it submits an annual return in  
34 accordance with section 383; and it achieves the  
35 appropriate minimum assessment ratio described in  
36 section 327. The amount of reimbursement shall be 90%  
37 of the tax revenue lost as a result of this  
38 subchapter. For purposes of this section, the tax  
39 loss is the adjusted tax that would have been  
40 assessed, but for this subchapter, on the classified  
41 forest lands if they were assessed according to the  
42 undeveloped acreage valuations used in the state  
43 valuation then in effect, or according to the current

1 local valuation on undeveloped acreage, whichever is  
2 less, minus the tax that was actually assessed on the  
3 same lands in accordance with this subchapter.

4 For the tax years beginning on or after January 17  
5 1978, a municipality's annual payment shall be the  
6 greater of either an amount computed as provided in  
7 the previous paragraph, or the product of multiplying  
8 the number of acres in the municipality which are  
9 classified and taxed in accordance with this  
10 subchapter by 15¢.

11 For those municipalities where the annual payment  
12 amount is determined by the product of multiplying the  
13 number of acres which are classified and taxed in  
14 accordance with this subchapter by 15¢ the Treasurer  
15 of State shall pay to the municipality by December  
16 15th of that year the amount certified by the State  
17 Tax Assessor.

18 No municipality may receive a reimbursement payment  
19 under this section which would exceed an amount  
20 determined by calculating the tree growth tax loss  
21 less the municipal savings in educational costs  
22 attributable to reduced state valuation.

23 A. The tree growth tax loss is the adjusted tax  
24 that would have been assessed, but for this  
25 subchapter, on the classified forest lands if they  
26 were assessed according to the undeveloped acreage  
27 valuations used in the state valuation then in  
28 effect minus the tax that was actually assessed on  
29 the same lands in accordance with this subchapter.

30 In determining the adjusted tax that would have  
31 been assessed, the tax rate to be used is computed  
32 by adding the additional school support required  
33 by the modified state valuation attributable to  
34 the increased valuation of forest land to the  
35 original tax committed and dividing this sum by  
36 the modified total municipal valuation. The  
37 adjusted tax rate is then applied to the valuation  
38 of forest land based on the undeveloped acreage  
39 valuations, adjusted by the certified ratio, to  
40 determine the adjusted tax.

1 B. The municipal savings in educational costs is  
2 determined by multiplying the school subsidy index  
3 by the change in state valuation attributable to  
4 the use of the valuations determined in accordance  
5 with this subchapter on classified forest lands  
6 rather than their valuation using the undeveloped  
7 acreage valuations used in the state valuation  
8 then in effect.

9 Sec. 2. 36 MRSA §579, next to the last  
10 paragraph, as repealed and replaced by PL 1979, c.  
11 666, §16, is amended to read:

12 If the owner or owners fail to report to the  
13 assessor a change of use as required by the foregoing  
14 paragraph, the assessor may collect such taxes as  
15 should have been paid, shall collect the penalty  
16 provided in section 581 and shall assess an additional  
17 penalty of 25% of the foregoing penalty amount. The  
18 assessor may waive the additional penalty for cause.  
19 Ninety percent of the total amount thus collected  
20 shall be sent to the State Tax Assessor within 7 days  
21 of collection. The State Tax Assessor shall use these  
22 funds to reduce the amount of General Fund  
23 appropriations provided for Tree Growth Reimbursement.

24 Sec. 3. 36 MRSA §581, last paragraph, as  
25 enacted by PL 1981, c. 517, §12, is amended to read:

26 Any municipality which receives a penalty for the  
27 withdrawal of land from taxation under this chapter  
28 shall report to the State Tax Assessor annually the  
29 total amount received on the municipal valuation  
30 return form described in section 383. Ninety percent  
31 of the total amount thus collected shall be sent to  
32 the State Tax Assessor within 7 days of collection.  
33 The State Tax Assessor shall use these funds to reduce  
34 the amount of General Fund appropriations provided for  
35 Tree Growth Reimbursement.

36 Sec. 4. Appropriation. The following funds are  
37 appropriated from the General Fund to carry out the  
38 purposes of this Act.

1988-89

1

2 FINANCE, DEPARTMENT OF

3 Bureau of Taxation

4 Tree Growth Tax Reimbursement

5 All Other

\$1,736,000

6

FISCAL NOTE

7 Enactment of this bill will require an  
8 appropriation of \$1,736,000 in fiscal year 1988-89 for  
9 payments to municipalities under the tree growth  
10 reimbursement program. Some portion of this cost may  
11 be offset by the change requiring the towns to forward  
12 90% of any taxes and penalties received due to removal  
13 of land from the tree growth program.

14

STATEMENT OF FACT

15 This new draft makes changes in the tree growth  
16 reimbursement program to require the State to  
17 reimburse municipalities for 90% of their lost tax  
18 revenues. It also requires municipalities to send 90%  
19 of any penalty amounts received due to removal of  
20 property from the tree growth program to the State Tax  
21 Assessor.

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