

MAINE STATE LEGISLATURE

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115th MAINE LEGISLATURE

FIRST REGULAR SESSION-1991

Legislative Document

No. 576

H.P. 402

House of Representatives, February 12, 1991

Reference to the Committee on Taxation suggested and ordered printed.

A handwritten signature in cursive script that reads "Ed Pert".

EDWIN H. PERT, Clerk

Presented by Representative RICHARDS of Hampden.

Cosponsored by Senator BRAUN of Knox and Senator BALDACCI of Penobscot.

STATE OF MAINE

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

An Act to Provide Comprehensive Property Tax Relief.



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

PART A

Sec. A-1. 36 MRSA §327, sub-§1, as enacted by PL 1975, c. 545, §13, is amended to read:

1. **Minimum assessment ratios.** A 50% minimum assessment ratio by 1977; a 60% minimum assessment ratio by 1978; and a 70% minimum assessment ratio by 1979; and a 100% minimum assessment ratio by 1992 and thereafter;

Sec. A-2. **Standardization of property values classified by use; study.** The Department of Finance, within its existing budgeted resources, in consultation with the Maine Municipal Association and the Department of Education, shall review the current operation of the farm and open space tax laws governed by the Maine Revised Statutes, Title 36, chapter 105, subchapter X, and the different proportional benefit afforded by those laws to property owners residing in different areas of the State. The department shall evaluate methods of standardizing property values classified by current use, so that land designated as farmland or open space may be valued throughout the State at a standard percentage of just value. In examining these issues, the department shall consider the alternatives available given current state constitutional requirements, as well as existing administrative, legal and technical requirements. The department shall report its findings, along with any necessary implementing legislation, to the Joint Standing Committee on Taxation on or before November 1, 1992.

PART B

Sec. B-1. 36 MRSA c. 105, sub-c. IV-B is enacted to read:

SUBCHAPTER IV-B

FAMILY FARMLAND AND OPEN SPACE TAX EXEMPTIONS

§681. Exemption of farmland and open space

1. **Definitions.** As used in this section, unless the context otherwise indicates, the following terms have the following meanings.

A. "Eligible farmland" means farmland as defined in section 1102 that has not been conveyed to any person who is not a member of the applicant's family for a period of at least 7 years.

2 B. "Eligible open space land" means open space land as
4 defined in section 1102 that has not been conveyed to any
6 person who is not a member of the applicant's family for a
 period of at least 10 years.

8 C. "Family" means a father, mother, son, daughter, brother,
10 sister, uncle, aunt, great aunt, great uncle, first cousin,
12 nephew, niece, husband, wife, grandfather, grandmother,
14 grandson, granddaughter, father-in-law, mother-in-law,
 son-in-law, daughter-in-law, brother-in-law, sister-in-law,
 stepfather, stepmother, stepson, stepdaughter, stepbrother,
 stepsister, half brother or half sister.

16 2. Amount of exemption. Every person who has the legal
18 title or beneficial title in equity to eligible farmland or
20 eligible open space land in this State and in good faith is
22 entitled to an exemption from all taxation, except for
24 assessments for special benefits of 10% of just valuation up to
26 the just valuation of \$100,000 on the property. The title may be
28 held jointly or in common with others and the exemption may be
 apportioned among the owners that hold title to the property, to
 the extent of their respective interests; but no exemption of
 more than 10% of the first \$100,000 of just value may be allowed
 to any one person; nor shall the amount of the exemption allowed
 any person exceed the proportionate just valuation based on the
 interest owned by that person.

30 3. Applicability. The exemption provided in this section
32 applies only to those parcels classified and assessed as eligible
34 farmland and eligible open space or only to the portion of
 property classified and assessed as eligible farmland and
 eligible open space.

36 4. Exemptions in addition to other exemptions. The
38 exemptions provided in subchapter IV, sections 653 and 654, are
 in addition to the homestead exemption.

40 §682. Forms

42 The Bureau of Taxation shall furnish to the municipal
44 assessor of each municipality a sufficient number of printed
 forms to be filed by taxpayers claiming to be entitled to the
 exemption and shall prescribe the content of those forms by rule.

46 §683. Application

48 1. Filing claims. At the time each taxpayer files claim
50 for a farmland or open space exemption under section 681, the
 municipal assessor shall deliver to the taxpayer a receipt over

2 the municipal assessor's signature, or that of an authorized
4 designee, which appropriately identifies the property covered in
6 the application, bears the date the application is received by
8 the municipal assessor and includes any serial number or other
10 identifying data desired by the municipal assessor. The
12 possession of the receipt constitutes conclusive proof of the
14 timely filing of the application.

16 2. False filing. Any person who knowingly gives false
18 information for the purpose of claiming farmland or open space
20 exemption as provided for in this chapter is guilty of a Class E
22 crime.

24 3. Reapplication. Any municipality may, at the request of
26 the municipal assessor and by majority vote of its governing
28 body, waive the requirement that an annual application be made
30 for exemption for property within the municipality after an
32 initial application is made and exemption granted, except that
34 reapplication is required when any property granted an exemption
36 is sold or otherwise disposed of, when the ownership changes in
38 any manner or when the applicant for exemption ceases to use the
40 property as farmland or open space. In its deliberations on
42 whether to waive the annual application requirement, the
44 governing body shall consider the possibility of fraudulent
46 exemption claims, which may occur due to the waiver of the annual
48 application requirement. It is the duty of the owner of any
50 property granted an exemption who is not required to file an
annual application to notify the municipal assessor promptly
whenever the use of the property changes so as to change the
exempt status of the property. This subsection applies only to
exemptions requested pursuant to this section.

34 **§684. Duty of municipal assessor**

36 The municipal assessor shall examine each claim for
38 exemption filed with the municipal assessor and if the claim is
40 found to be in accordance with law, shall mark the claim approved
42 and make the proper deductions on the tax books.

44 **§685. Exemptions; approval; refusal; hearings**

46 The municipal assessors of the several municipalities of the
48 State shall, as soon as practicable after April 1st of each
50 current year and on or before July 1st of that year, carefully
consider all applications for tax exemptions that have been filed
in their respective offices on or before March 1st of that year.
If, upon investigation, the municipal assessor finds that the
applicant is entitled to the tax exemption applied for under the
law, the municipal assessor shall make entries upon the tax rolls
of the municipality necessary to allow the exemption to the

2 applicant. If, after due consideration, the municipal assessor
4 finds that the applicant is not entitled under the law to the
6 exemption, the municipal assessor shall immediately make out a
8 notice of disapproval that includes the reasons for disapproval.
10 A copy of the notice must be served upon the applicant by the
12 municipal assessor either by personal delivery or by registered
14 mail to the post office address given by the applicant and the
16 municipal assessor shall file the notice with the clerk of the
18 State Board of Property Tax Review. The notice of disapproval of
20 application for the exemption, when filed with the board,
22 constitutes an appeal of the applicant to the board from the
24 decision of the municipal assessor refusing to allow the
26 exemption and the board shall review the application and evidence
28 presented to the municipal assessor upon which the applicant
30 based the claim for exemption and shall hear the applicant in
32 person or by agent on behalf of the applicant's right to an
34 exemption. The board shall reverse the decision of the municipal
36 assessor and grant the exemption to the applicant if in its
38 judgment the applicant is entitled to the exemption or affirm the
40 decision of the municipal assessor. The action of the board is
42 final unless the applicant, within 15 days from the date of
44 refusal of the application by the board, files in the District
46 Court of the county in which the property is situated a
48 proceeding against the municipal assessor for a declaratory
50 judgment or other appropriate proceeding. The failure of the
taxpayer to appear before the municipal assessor or the State
Board of Property Tax Review or to file any paper other than the
application as in section 683 does not constitute any bar or
defense to further proceedings.

32 **Sec. B-2. Review.** The State Tax Assessor shall review the
34 administrative, legal and technical requirements of this Part to
36 ensure compliance with existing administrative procedures. This
38 review may include discussions with other states that currently
40 operate similar exemption programs and must be completed prior to
42 January 1, 1992. The State Tax Assessor shall submit the results
44 of this review, together with any necessary implementing or
46 correcting legislation, to the Joint Standing Committee on
48 Taxation in the Second Regular Session of the 115th Legislature.

42 STATEMENT OF FACT

44 This bill makes the following changes in the laws.

46 1. It requires that all municipalities achieve 100%
48 valuation for purposes of property tax by 1992.

50 2. It requires that the Department of Finance, within its
existing budgeted resources, evaluate methods of standardizing
property values classified by current use so that land designated

2 as farmland or open space may be valued throughout the State at a
standard percentage of just value.

4 3. It provides a tax exemption for farmland that has been
held by the applicant's family for at least 7 years and for open
6 space land that has been held by the applicant's family for at
least 10 years.

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