

MAINE STATE LEGISLATURE

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115th MAINE LEGISLATURE

FIRST REGULAR SESSION-1991

Legislative Document

No. 1019

H.P. 714

House of Representatives, March 11, 1991

Received by the Clerk of the House on March 7, 1991. Referred to the Committee on Taxation and 1400 ordered printed pursuant to Joint Rule 14.

A handwritten signature in cursive script, reading "Ed Pert".

EDWIN H. PERT, Clerk

Presented by Representative MAYO of Thomaston.

Cosponsored by Representative HICHBORN of Howland, Senator PEARSON of Penobscot and Representative MURPHY of Berwick.

STATE OF MAINE

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

**An Act to Provide Reimbursements to Municipalities Under the Tree
Growth Tax Law that more Accurately Reflect the Actual Impact of the
Tax on Municipalities.**

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

Sec. 1. 36 MRSA §578, sub-§1, as amended by PL 1989, c. 857, §76, is further amended to read:

1. **Organized areas.** The municipal assessors or chief assessor of a primary assessing area shall adjust the State Tax Assessor's 100% valuation per acre for each forest type of their county by whatever ratio, or percentage of current just value, is then being applied to other property within the municipality to obtain the assessed values. Forest land in the organized areas, subject to taxation under this subchapter, must be taxed at the property tax rate applicable to other property in the municipality, which rate is applied to the assessed values so determined.

The State Tax Assessor shall pay any municipal claim found to be in satisfactory form within 90 days after receipt of the claim. If the sum of all approved claims exceeds funds appropriated for reimbursement under this subchapter, payments must be prorated so that each eligible municipality receives the same percentage of its approved reimbursement.

In tax years beginning on or after April 1, 1988, the State Tax Assessor shall determine annually the amount of acreage in each municipality that is classified and taxed in accordance with this subchapter. A municipality actually levying and collecting municipal property taxes and within whose boundaries this acreage lies is entitled to annual payments from money so appropriated by the Legislature provided it submits an annual return in accordance with section 383 and it achieves the appropriate minimum assessment ratio described in section 327. For the property tax year based on the status of property on April 1, 1988, the per acre reimbursement amount increases from 15¢ to 24¢. For property tax years based on the status of property on April 1, 1989, or thereafter, the per acre reimbursement is 90% of the per acre tax revenue lost as a result of this subchapter. For purposes of this section, the tax lost is the tax that would have been assessed, but for this subchapter, on the classified forest lands if they were assessed according to the undeveloped acreage valuations used in the state valuation then in effect, or ~~according to 50% of~~ the current local valuation on undeveloped acreage, whichever is less determined in accordance with subsection 4, if that method is used, minus the tax that was actually assessed on the same lands in accordance with this subchapter.

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

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

10 In determining the adjusted tax that would have been
12 assessed, the tax rate to be used is computed by adding the
14 additional school support required by the modified state
16 valuation attributable to the increased valuation of forest
18 land to the original tax committed and dividing this sum by
the modified total municipal valuation. The adjusted tax
rate is then applied to the valuation of forest land based
on the undeveloped acreage valuations, adjusted by the
certified ratio, to determine the adjusted tax.

20 B. The municipal savings in educational costs is determined
22 by multiplying the school subsidy index by the change in
24 state valuation attributable to the use of the valuations
26 determined in accordance with this subchapter on classified
forest lands rather than their valuation using the
undeveloped acreage valuations used in the state valuation
then in effect.

28 Sec. 2. 36 MRSA §578, sub-§4 is enacted to read:

30 4. Alternative valuation. In lieu of the State Tax
32 Assessor's valuation used in subsection 1, a municipality may use
34 its own valuation amount for purposes of this subchapter. The
36 municipal valuation of woodland must be the average per acre
38 value of all woodland sold in the most recent calendar year
within the municipality. If there have been no sales within the
municipality in the last calendar year, the municipal valuation
must be the average per acre value of all woodland sold in the
most recent calendar year within the county where the
municipality is located.

42 STATEMENT OF FACT

44 This bill provides an alternative method of determining
valuation for purposes of the tree growth tax program.