

MAINE STATE LEGISLATURE

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117th MAINE LEGISLATURE

FIRST REGULAR SESSION-1995

Legislative Document

No. 92

S.P. 63

In Senate, January 17, 1995

**An Act to Reduce the Withdrawal Penalty for Certain Persons under the
Maine Tree Growth Tax Law.**

Reference to the Committee on Taxation suggested and ordered printed.

A handwritten signature in cursive script that reads "May M. Ross".

MAY M. ROSS
Secretary of the Senate

Presented by Senator HANLEY of Oxford.

Cosponsored by Senators: BENOIT of Franklin, CARPENTER of York, FERGUSON of Oxford, HALL of Piscataquis, PENDEXTER of Cumberland, Representatives: BARTH of Bethel, BIRNEY of Paris, WATERHOUSE of Bridgton, WINSOR of Norway.

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

Sec. 1. 36 MRSA §581, 3rd ¶, as amended by PL 1983, c. 400, §§1 and 3, is further amended to read:

6 In either case, and except when the change is occasioned by
8 a transfer to the State or other entity holding the power of
10 eminent domain, resulting from the exercise or threatened
12 exercise of that power, withdrawal shall ~~impose~~ imposes a penalty
14 upon the owner ~~which shall be~~ that is the greater of (a) an
16 amount equal to the taxes ~~which that~~ that would have been assessed on
18 the first day of April for the 5 tax years, or any lesser number
20 of tax years starting with the year in which the property was
22 first classified, preceding ~~sueh~~ the withdrawal had ~~sueh~~ the real
24 estate been assessed in each of those years at its fair market
26 value on the date of withdrawal less all taxes paid on that real
28 estate over the preceding 5 years, and interest at the legal rate
30 from the date or dates on which those amounts would have been
32 payable or (b) an amount computed by multiplying the amount, if
34 any, by which the fair market value of the real estate on the
36 date of withdrawal exceeds the 100% valuation of the real estate
pursuant to this subchapter on the preceding April 1st, by the
~~following rates:-(i)-If the real estate was subject to valuation~~
~~20% reduced by 1% for each of the first 5 years that the land was~~
~~classified under this subchapter and further reduced by 2% for 10~~
~~each of the 2nd 5 years or less prior to the date of withdrawal,~~
~~the rate shall be 30%,- and -(ii)-if the real estate was subject to~~
~~valuation that the land was classified under this subchapter for~~
~~more than 10 years prior to the date of withdrawal, until the~~
~~rate shall be that percentage obtained by subtracting 1% from 30%~~
~~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 rate of 20% 5% is reached. Fair market value~~
at the time of withdrawal is the assessed value of comparable
property in the municipality adjusted by the municipality's
certified assessment ratio.

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STATEMENT OF FACT

42 This bill changes the penalty for withdrawal of land from
44 taxation under the Maine Tree Growth Tax Law. Under the
46 provisions of this bill, land that has been classified under the
48 program for 10 or more years would be subject to a penalty of 5%
of the difference between tree growth valuation and fair market
valuation. Land that was classified for less than 10 years would
be subject to a gradually increasing penalty up to 20% of the
difference in valuation for land withdrawn in the first year of
inclusion in the program. The minimum constitutionally required
penalty of 5 years' back taxes is retained.