

MAINE STATE LEGISLATURE

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118th MAINE LEGISLATURE

FIRST REGULAR SESSION-1997

Legislative Document

No. 645

H.P. 474

House of Representatives, January 30, 1997

An Act to Require Full State Funding of the Maine Tree Growth Tax Law.

Reference to the Committee on Taxation suggested and ordered printed.

A handwritten signature in cursive script that reads "Joseph W. Mayo".

JOSEPH W. MAYO, Clerk

Presented by Representative BUNKER of Kossuth Township.
Cosponsored by Senator RUHLIN of Penobscot and
Representatives: BARTH of Bethel, CLUKEY of Houlton, DEXTER of Kingfield, HATCH
of Skowhegan, KONTOS of Windham, NICKERSON of Turner, WHEELER of Bridgewater,
Senator: MICHAUD of Penobscot.

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

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4 Sec. 1. 36 MRSA §578,sub-§1, as amended by PL 1993, c. 452,
§4, is further amended to read:

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

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

24 In tax years beginning on or after April 1, 1988, the State Tax
Assessor shall determine annually the amount of acreage in each
26 municipality that is classified and taxed in accordance with this
subchapter. A municipality actually levying and collecting
28 municipal property taxes and within whose boundaries this acreage
lies is entitled to annual payments from money appropriated by
30 the Legislature provided it submits an annual return in
accordance with section 383 and it achieves the appropriate
32 minimum assessment ratio described in section 327. For the
property tax year based on the status of property on April 1,
34 1988, the per acre reimbursement amount increases from 15¢ to
24¢. For property tax years based on the status of property on
36 April 1, 1989 or thereafter, the per acre reimbursement is 90%
100% of the per acre tax revenue lost as a result of this
38 subchapter. For purposes of this section, the tax lost is the
tax that would have been assessed, but for this subchapter, on
40 the classified forest lands if they were assessed according to
the undeveloped acreage valuations used in the state valuation
42 then in effect, or according to the current local valuation on
undeveloped acreage, whichever is less, minus the tax that was
44 actually assessed on the same lands in accordance with this
subchapter. A municipality that fails to achieve the minimum
46 assessment ratio established in section 327 loses 10% of the
reimbursement provided by this section for each one percentage
48 point the minimum assessment ratio falls below the ratio
50 established in section 327.

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

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

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

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

29 **Sec. 2. Appropriation.** The following funds are appropriated
30 from the General Fund to carry out the purposes of this Act.

	1997-98	1998-99
ADMINISTRATIVE AND FINANCIAL		
SERVICES, DEPARTMENT OF		
Tree Growth Reimbursement		
42	All Other	\$5,666,670
44		\$5,666,670
46	Provides funds for the 100% reimbursement level required by law.	

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SUMMARY

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4 This bill provides funding to reimburse eligible
6 municipalities 100% of the tax revenue lost as a result of the
Maine Tree Growth Tax Law. The actual current reimbursement rate
is approximately 40% while the rate required by law is 90%.