

MAINE STATE LEGISLATURE

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120th MAINE LEGISLATURE

FIRST REGULAR SESSION-2001

Legislative Document

No. 765

H.P. 610

House of Representatives, February 13, 2001

**An Act to Establish a Municipal Reimbursement Formula for Current
Use Taxation Programs.**

Reference to the Committee on Taxation suggested and ordered printed.

Millicent M. MacFarland

MILLICENT M. MacFARLAND, Clerk

Presented by Representative ETNIER of Harpswell.
Cosponsored by Senator LEMONT of York and
Representatives: GREEN of Monmouth, JONES of Greenville, STEDMAN of Hartland,
WESTON of Montville, Senators: President Pro Tem BENNETT of Oxford, President
MICHAUD of Penobscot, NUTTING of Androscoggin.

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

2
3 **Sec. 1. 36 MRSA §578, sub-§1**, as amended by PL 1999, c. 708,
4 §21, is repealed and the following enacted in its place:

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

16 The State Tax Assessor shall pay any municipal claim found to be
17 in satisfactory form within 90 days after receipt of the claim.

18 The State Tax Assessor shall determine annually the amount of
19 acreage in each municipality that is classified and taxed in
20 accordance with this subchapter. A municipality actually levying
21 and collecting municipal property taxes and within whose
22 boundaries this acreage lies is entitled to annual payments from
23 money appropriated by the Legislature provided it submits an
24 annual return in accordance with section 383 and if it achieves
25 the appropriate minimum assessment ratio described in section
26 327. The State shall reimburse municipalities 90% of the tree
27 growth tax revenue lost as a result of this subchapter. A
28 municipality that fails to achieve the minimum assessment ratio
29 established in section 327 loses 10% of the reimbursement
30 provided by this section for each one percentage point the
31 minimum assessment ratio falls below the ratio established in
32 section 327.

34 The tree growth tax revenue loss is the difference between:

36 A. The tax revenue that would be generated by the
37 municipality, if not for this subchapter, on the just value
38 assessment of all property classified as forest land within
39 the municipality pursuant to this chapter, plus the total
40 general purpose aid for local schools revenues that would
41 have been received pursuant to Title 20-A, chapter 606 by
42 the municipality or as the municipality's share if the
43 classified forest lands were not enrolled under the Maine
44 Tree Growth Tax Law, plus the revenue-sharing funds that
45 would have been received by the municipality pursuant to
46 Title 30-A, chapter 223, between April 1st of the previous
47 year through March 31st of the current year, if the
48 classified forest lands were not enrolled under the Maine
49 Tree Growth Tax Law; and
50

2 B. The tax revenue that would be generated by the
4 municipality on the current use value assessment of all
6 property classified as forest land within the municipality
8 pursuant to this chapter, plus the total general purpose aid
10 for local schools revenues that will be received by the
12 municipality or as the municipality's share pursuant to
14 Title 20-A, chapter 606 because the classified forest lands
16 are enrolled under the Maine Tree Growth Tax Law, plus the
18 total revenue-sharing funds that will be received by the
20 municipality pursuant to Title 30-A, chapter 223, between
22 April 1st of the previous year through March 31st of the
24 current year.

26 **Sec. 2. 36 MRSA §1103, sub-§1**, as amended by PL 1999, c. 731,
28 Pt. Y, §3, is further amended to read:

30 **1. Organized areas.** The municipal assessors shall adjust
32 the 100% valuations per acre for farmland for their jurisdiction
34 by whatever ratio or percentage of current just value is then
36 being applied to other property within the municipality to obtain
38 the assessed values. For any tax year, the classified farmland
40 value must reflect only the current use value for farm or open
42 space purposes and may not include any increment of value
44 reflecting development pressure. Commencing April 1, 1978, land
46 in the organized areas subject to taxation under this subchapter
48 must be taxed at the property tax rate applicable to other
50 property in the municipality, which rate must be applied to the
 assessed values so determined.

For each tax year beginning on or after April 1, 2002, the State
 Tax Assessor shall determine 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 appropriated by
 the Legislature as long as the municipality submits an annual
 return in accordance with section 383 and it achieves the
 appropriate minimum assessment ratio described in section 327.
 The State shall reimburse municipalities 90% of the farmland and
 open space tax revenue lost as a result of this subchapter. A
 municipality that fails to achieve the minimum assessment ratio
 established in section 327 loses 10% of the reimbursement
 provided by this section for each one percentage point the
 minimum assessment ratio falls below the ratio established in
 section 327.

The farmland and open space revenue loss is the difference
 between:

2 purpose of this bill is to provide a common formula of
reimbursement for all current use tax programs in this State.