

# MAINE STATE LEGISLATURE

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2008

STATE OF MAINE  
AUGUST 11, 2008

L.D. 2154

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2 Date: 3-27-08

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## TAXATION

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Reproduced and distributed under the direction of the Secretary of the Senate.

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## STATE OF MAINE

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## SENATE

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## 123RD LEGISLATURE

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## SECOND REGULAR SESSION

9 COMMITTEE AMENDMENT "A" to S.P. 823, L.D. 2154, Bill, "An Act  
10 Concerning Technical Changes to the Tax Laws"

11 Amend the bill by striking out all of sections 34 and 35 and inserting the following:

12 'Sec. 34. 36 MRSA §1603, sub-§1, as amended by PL 2005, c. 686, Pt. A, §65, is  
13 further amended to read:

14 1. **Definition.** For the purposes of this chapter, "municipal cost component" means  
15 the cost of funding services in the Unorganized Territory Tax District that would not be  
16 borne by the State if the Unorganized Territory Tax District were a municipality, but does  
17 not include a state cost allocation charge, including, without limitation, reimbursement to  
18 the General Fund for departmental functions such as accounting, personnel administration  
19 and supervision. "Municipal cost component" also includes the cost of funding  
20 obligations of the unorganized territory under the terms of a tax increment financing  
21 district approved by the Commissioner of Economic and Community Development prior  
22 to January 1, 2008 pursuant to Title 30-A, chapter 206. The "municipal cost component"  
23 includes, but is not limited to:

24 A. The cost of education, as would be determined by the Essential Programs and  
25 Services Funding Act if the unorganized territory were a municipality;

26 B. The cost of services the state funds in the unorganized territory that are funded  
27 locally by a municipality; the cost of forest fire protection to be included in the cost  
28 component must be determined in accordance with Title 12, section 9205-A and  
29 collected in the same manner as other portions of the municipal cost component; ~~and~~

30 C. The cost of reimbursement by the State for services a county provides to the  
31 unorganized territory in accordance with Title 30-A, chapter 305. A county may not  
32 be reimbursed for services provided on or after January 1, 1979, unless a legislative  
33 allocation is obtained pursuant to this chapter. If a county receives, in addition to its  
34 budget, funds that are designated by the Legislature for a specific purpose and the  
35 county does not spend those funds for that specific purpose in that fiscal year, then  
36 the reimbursement under this chapter to that county for the next fiscal year must be

# COMMITTEE AMENDMENT

reduced by an amount equal to the amount of funds so designated that were not expended for that specific purpose; and

D. The cost for payments that the unorganized territory is required to make pursuant to the terms of a tax increment financing district approved by the Commissioner of Economic and Community Development pursuant to Title 30-A, chapter 206 prior to January 1, 2008 with respect to taxable property in the Unorganized Territory Tax District.

**Sec. 35. 36 MRSA §1606**, as amended by PL 1989, c. 373, §1, is repealed and the following enacted in its place:

**§1606. Property taxes credited on assessments; quarterly payments for unorganized territory services and annually for county taxes**

**1. Credit and appropriation of special funds or taxes for political subdivisions.**

Notwithstanding any other statute to the contrary, the gross amount of property taxes assessed upon real and personal property in the unorganized territory through the State Tax Assessor for the benefit of any special fund or political subdivision of the State may be credited on the books of the State to the special fund or to the proper fiscal officer of the political subdivision. The Treasurer of State shall pay to that fiscal officer the amount of the tax so assessed, in equal quarterly amounts for unorganized territory services, on or before the last day of July, October, January and April and an annual installment for county taxes on or before October 15th following the date of the assessment. The amount of the assessment is appropriated for the purposes of this subsection.

**2. Tax increment financing payments.**

With respect to a tax increment financing district located in the unorganized territory and approved by the Commissioner of Economic and Community Development pursuant to Title 30-A, chapter 206 prior to January 1, 2008, the Treasurer of State must deposit into the development program fund established by a county for the tax increment financing district pursuant to Title 30-A, section 5227, subsection 3 the tax increment revenues on the captured assessed value, as that term is defined in Title 30-A, section 5222. The payment must be made on or before October 15th following the date of assessment or within 30 days after the taxes constituting the tax increment are paid, whichever is later. The amount of the assessment is appropriated for the purposes of this subsection.

**3. Deposits, abatements, interest payments and supplemental assessments.**

Upon collection by the State Tax Assessor, taxes collected under subsection 1 must be deposited in the Unorganized Territory Education and Services Fund. All abatements of such taxes must be charged against the Unorganized Territory Education and Services Fund and all interest and supplemental assessments must be paid into the Unorganized Territory Education and Services Fund and neither may be charged against or credited to the special fund or political subdivision on account of which the tax was levied. Any excess of supplemental assessments over abatements accruing to the Unorganized Territory Education and Services Fund must be considered as reimbursement to the Unorganized Territory Education and Services Fund for administrative expenses connected with the assessment of those taxes.

1 **4. Intent.** The intent of the Legislature is to permit the administration of all real and  
2 personal property taxes in the unorganized territory through the Unorganized Territory  
3 Education and Services Fund as a matter of convenience and economy.'

4 Amend the bill by striking out all of section 83.

5 Amend the bill by inserting after section 90 the following:

6 'Sec. 91. 36 MRSA §5219-C, as amended by PL 2007, c. 437, §18 and affected  
7 by §22, is further amended to read:

8 **§5219-C. Forest management planning income credits**

9 Once every 10 years, an individual is allowed a credit against the tax otherwise due  
10 under this Part for the lesser of \$200 or the individual's cost for having a forest  
11 management and harvest plan developed by a licensed professional forester for a parcel  
12 of forest land in this State greater than 10 acres. ~~For purposes of this section, the~~ The  
13 licensed professional forester may not be in the regular employ of the individual. This  
14 credit may not reduce the ~~state income~~ tax otherwise due under this Part to less than zero.  
15 An individual claiming this credit must attach a statement from the forester supporting  
16 the claim and swear that the credit has not been claimed by the individual in the previous  
17 10 years. An individual claiming this credit who deducts the cost of the ~~forester forest~~  
18 management and harvest plan as an expense under the ~~Internal Revenue~~ Code must  
19 ~~subtract the expense from~~ increase federal adjusted gross income by the amount of that  
20 expense for purposes of the tax imposed by this Part. ~~This credit may be used in any tax~~  
21 ~~year beginning on or after January 1, 1989.'~~

22 Amend the bill by relettering or renumbering any nonconsecutive Part letter or  
23 section number to read consecutively.

24 **SUMMARY**

25 This amendment amends provisions regarding tax increment financing districts in the  
26 unorganized territories. It also removes a provision resolving a statutory conflict in the  
27 real estate transfer tax because that conflict is resolved in other legislation. The  
28 amendment also adds a section to correct a provision in the forest management planning  
29 income tax credit to avoid double counting of certain expenses.

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