

# MAINE STATE LEGISLATURE

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# 123rd MAINE LEGISLATURE

## SECOND REGULAR SESSION-2008

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Legislative Document

No. 2274

H.P. 1639

House of Representatives, March 25, 2008

### **An Act To Amend the Municipal Tree Growth Reimbursement Formula**

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Reported by Representative PIOTTI of Unity for the Joint Standing Committee on Taxation pursuant to Joint Order, H.P. 1595.

Reference to the Committee on Taxation suggested and ordered printed under Joint Rule 218.

*Millicent M. MacFarland*  
MILLICENT M. MacFARLAND  
Clerk

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

2             **Sec. 1. 36 MRSA §578, sub-§1**, as amended by PL 2007, c. 438, §16, is further  
3 amended to read:

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

10 The State Tax Assessor shall determine annually the amount of acreage in each  
11 municipality that is classified and taxed in accordance with this subchapter. Each  
12 municipality is entitled to annual payments distributed in accordance with this section  
13 from money appropriated by the Legislature if it submits an annual return in accordance  
14 with section 383 and if it achieves the minimum assessment ratio established in section  
15 327. The State Tax Assessor shall pay any municipal claim found to be in satisfactory  
16 form by August 1st of the year following the submission of the annual return. The ~~per~~  
17 ~~acre municipal~~ reimbursement appropriation is calculated on the basis of 90% of the per  
18 acre tax revenue lost as a result of this subchapter. For purposes of this section, the tax  
19 lost is the tax that would have been assessed, but for this subchapter, on the classified  
20 forest lands if they were assessed according to the undeveloped acreage valuations used  
21 in the state valuation then in effect, or according to the current local valuation on  
22 undeveloped acreage, whichever is less, minus the tax that was actually assessed on the  
23 same lands in accordance with this subchapter, and adjusted for the aggregate municipal  
24 savings in required educational costs attributable to reduced state valuation. A  
25 municipality that fails to achieve the minimum assessment ratio established in section 327  
26 loses 10% of the reimbursement provided by this section for each one percentage point  
27 the minimum assessment ratio falls below the ratio established in section 327.

28 A municipality may not receive a reimbursement payment under this section that would  
29 exceed an amount determined by calculating the tree growth tax loss less the municipal  
30 savings in educational costs attributable to reduced state valuation. The State Tax  
31 Assessor shall adopt rules necessary to implement the provisions of this section. Rules  
32 adopted pursuant to this subsection are routine technical rules for the purposes of Title 5,  
33 chapter 375, subchapter 2-A.

34             C. The State Tax Assessor shall distribute reimbursement under this section to each  
35 municipality in proportion to the product of the reduced tree growth valuation of the  
36 municipality multiplied by the property tax burden of the municipality. For purposes  
37 of this paragraph, unless the context otherwise indicates, the following terms have the  
38 following meanings.

39             (1) "Property tax burden" means the total real and personal property taxes  
40 assessed in the most recently completed municipal fiscal year, except the taxes  
41 assessed on captured value within a tax increment financing district, divided by  
42 the latest state valuation certified to the Secretary of State.

(2) "Undeveloped land" means rear acreage and unimproved nonwaterfront acreage that is not:

(a) Classified under the laws governing current use valuation set forth in chapter 105, subchapter 2-A, 10 or 10-A;

(b) A base lot; or

(c) Waste land.

(3) "Average value of undeveloped land" means the per acre undeveloped land valuations used in the state valuation then in effect, or according to the current local valuation on undeveloped land as determined for state valuation purposes, whichever is less.

(4) "Reduced tree growth valuation" means the difference between the average value of undeveloped land times the total number of acres classified as forest land under this subchapter.

## SUMMARY

This bill amends in 2 ways the law regarding the distribution of reimbursement to the municipalities to partially cover the property tax losses they experience as a result of the tree growth tax program. First, the bill adjusts the statewide appropriation for reimbursement purposes to reflect the education subsidy impacts of tree growth enrollments, rather than adjusting each municipality's individual reimbursement as is done under the current system. Second, the bill establishes each municipality's share of the total municipal reimbursement appropriation on the basis of 3 data inputs:

1. The number of acres enrolled in the program in the municipality;

2. The difference between the tree growth acreage rates and the local or regional undeveloped acreage; and

3. The municipality's full value mill rate.