

# MAINE STATE LEGISLATURE

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# 124th MAINE LEGISLATURE

## FIRST REGULAR SESSION-2009

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Legislative Document

No. 332

H.P. 268

House of Representatives, February 3, 2009

**An Act To Amend the Penalty for Withdrawal of Land from the  
Maine Tree Growth Tax Law Program**

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Reference to the Committee on Taxation suggested and ordered printed.

*Millicent M. MacFarland*  
MILLICENT M. MacFARLAND  
Clerk

Presented by Representative WEAVER of York.  
Cosponsored by Senator BOWMAN of York and  
Representatives: BICKFORD of Auburn, CRAY of Palmyra, GIFFORD of Lincoln, HAYES  
of Buckfield, JOY of Crystal, PINKHAM of Lexington Township, SARTY of Denmark,  
Senator: PLOWMAN of Penobscot.

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

2 **Sec. 1. 36 MRSA §581, sub-§3**, as repealed and replaced by PL 2007, c. 627,  
3 §16, is amended to read:

4 **3. Penalty.** If land is withdrawn from taxation under this subchapter, the assessor  
5 shall impose a penalty upon the owner. The Subject to the limitation in subsection 3-A,  
6 the penalty is the greater of:

7 A. An amount equal to the taxes that would have been assessed on the first day of  
8 April for the 5 tax years, or any lesser number of tax years starting with the year in  
9 which the land was first classified, preceding the withdrawal had that land been  
10 assessed in each of those years at its just value on the date of withdrawal. That  
11 amount must be reduced by all taxes paid on that land over the preceding 5 years, or  
12 any lesser number of tax years starting with the year in which the land was first  
13 classified, and increased by interest at the prevailing municipal rate from the date or  
14 dates on which those amounts would have been payable; and

15 B. An amount computed by multiplying the amount, if any, by which the just value  
16 of the land on the date of withdrawal exceeds the 100% valuation of the land pursuant  
17 to this subchapter on the preceding April 1st by the following rates.

18 (1) If the land was subject to valuation under this subchapter for 10 years or less  
19 prior to the date of withdrawal, the rate is 30%.

20 (2) If the land was subject to valuation under this subchapter for more than 10  
21 years prior to the date of withdrawal, the rate is that percentage obtained by  
22 subtracting 1% from 30% for each full year beyond 10 years that the land was  
23 subject to valuation under this subchapter prior to the date of withdrawal, except  
24 that the minimum rate is 20%.

25 For purposes of this subsection, just value at the time of withdrawal is the assessed just  
26 value of comparable property in the municipality adjusted by the municipality's certified  
27 assessment ratio.

28 **Sec. 2. 36 MRSA §581, sub-§3-A** is enacted to read:

29 **3-A. Limitation on penalty.** The penalty imposed under subsection 3 may not  
30 exceed the amount of actual taxes that would have been due on the land had the land not  
31 been subject to taxation under this subchapter, plus any applicable interest on that  
32 amount.

33 **SUMMARY**

34 This bill specifies that the penalty imposed on land that is withdrawn from taxation  
35 under the Maine Tree Growth Tax Law may not exceed the amount of actual taxes that  
36 would have been due on the land had it not been taxed under the Maine Tree Growth Tax  
37 Law, plus any applicable interest.