

MAINE STATE LEGISLATURE

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130th MAINE LEGISLATURE

SECOND REGULAR SESSION-2022

Legislative Document

No. 1917

H.P. 1423

House of Representatives, January 12, 2022

An Act To Amend the Tax Laws of the State

Submitted by the Department of Administrative and Financial Services pursuant to Joint Rule 203.

Received by the Clerk of the House on January 10, 2022. Referred to the Committee on Taxation pursuant to Joint Rule 308.2 and ordered printed pursuant to Joint Rule 401.

Handwritten signature of Robert B. Hunt in cursive.

ROBERT B. HUNT
Clerk

Presented by Representative TERRY of Gorham.

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

2 **PART A**

3 **Sec. A-1. 36 MRSA §2519**, as amended by PL 2021, c. 181, Pt. A, §4, is further
4 amended to read:

5 **§2519. Ratio of tax on foreign insurance companies**

6 An insurance company incorporated in the District of Columbia, a state or possession
7 of the United States or province of Canada whose laws impose upon insurance companies
8 chartered by this State a greater tax than is provided in this chapter shall pay the same tax
9 upon business done by it in this State, in place of the tax provided in any other section of
10 this chapter. If the insurance company fails to pay the tax as provided in section 2521-A,
11 the assessor shall certify that failure to the Superintendent of Insurance, who shall suspend
12 the insurance company's right to do business in this State. For purposes of this section, an
13 insurance company incorporated by another country is deemed to be incorporated by the
14 state, district or possession of the United States where it has elected to make its deposit and
15 establish its principal agency in the United States. ~~For nonadmitted insurance premiums
16 subject to section 2531, the rate applied pursuant to this section must be the highest rate
17 that the state, district, possession or province applies to nonadmitted insurance premiums
18 taxed in that state, district or possession or province.~~

19 **Sec. A-2. 36 MRSA §2531, sub-§2**, as repealed and replaced by PL 2011, c. 548,
20 §19 and affected by §36, is amended to read:

21 **2. Rate and incidence of tax.** Except as otherwise provided in section ~~2519 or~~ 2532,
22 the rate of taxation ~~is 3% of the~~ on premiums subject to tax under this section ~~is the greater~~
23 of 3% and the highest rate of taxation that applies to nonadmitted insurance premiums in
24 the state, district or possession of the United States or province of Canada in which the
25 insurer is incorporated. For all coverage placed in accordance with Title 24-A, chapter 19,
26 the tax must be paid by the surplus lines producer. For all other nonadmitted insurance,
27 the tax must be paid by the insured.

28 **Sec. A-3. 36 MRSA §5255-B**, as amended by PL 1999, c. 414, §53, is further
29 amended to read:

30 **§5255-B. Certain items of income under the United States Internal Revenue Code**

31 ~~Any~~ A person maintaining an office or transacting business within this State ~~and who~~
32 that is required to deduct and withhold a tax on items of income under the Code, other than
33 wages subject to withholding as provided in section 5250 ~~or~~, sales of real estate subject to
34 withholding as provided in section 5250-A ~~or gambling winnings subject to withholding as~~
35 provided in section 5255-C, shall deduct and withhold from such items, to the extent they
36 constitute income that is not excluded from taxation under Maine law, a tax equal to 5% of
37 the income, unless withholding pursuant to the Code is based on other than a flat rate
38 amount. In that event, the State's withholding procedure ~~should~~ must estimate taxable
39 income using the same approach to exemptions as the Code and the amount of tax to be
40 withheld ~~should~~ must be calculated in accordance with withholding methods prescribed
41 pursuant to section 5250.

42 **Sec. A-4. 36 MRSA §5255-C** is enacted to read:

1 **§5255-C. Withholding on certain gambling winnings**

2 A person maintaining an office or transacting business within this State that is required
3 to deduct and withhold a tax on items of income under the Code, Section 3402(q) shall
4 deduct and withhold from such items, to the extent they constitute income that is not
5 excluded from taxation under Maine law, a tax equal to those winnings multiplied by the
6 highest marginal tax rate under section 5111 applicable to the tax year during which the
7 winnings are paid plus any other tax applicable to the winnings under this Part.

8 **Sec. A-5. Application.** Those sections of this Part that amend the Maine Revised
9 Statutes, Title 36, section 2519 and section 2531, subsection 2 apply to tax periods
10 beginning on or after January 1, 2023.

11 **PART B**

12 **Sec. B-1. 36 MRSA §208,** as repealed and replaced by PL 2019, c. 607, Pt. A, §4,
13 is amended to read:

14 **§208. Equalization**

15 The State Tax Assessor has the duty of equalizing the ~~state and~~ county taxes among all
16 municipalities and the unorganized territory. The State Tax Assessor shall equalize and
17 adjust the assessment list of each municipality by adding to or deducting from it such
18 amount as will make it equal to its just value as of April 1st. Notice of the proposed
19 valuations of municipalities within each county must be sent annually to the municipal
20 officers of each municipality within that county on or before the first day of October. The
21 valuation so determined is subject to review by the State Board of Property Tax Review
22 pursuant to subchapter 2-A, but the valuation finally certified to the Secretary of State
23 pursuant to section 381 must be used for all computations required by law to be based upon
24 the state valuation with respect to municipalities. A municipality shall provide to the State
25 Tax Assessor, upon request, such information as may be necessary for the State Tax
26 Assessor to carry out the purposes of this section.

27 **Sec. B-2. 36 MRSA §652, sub-§1, ¶A,** as amended by PL 2007, c. 627, §20, is
28 further amended to read:

29 A. The real estate and personal property owned and occupied or used solely for their
30 own purposes by incorporated benevolent and charitable institutions ~~incorporated by~~
31 ~~this State~~ are exempt from taxation. Such an institution may not be deprived of the
32 right of exemption by reason of the source from which its funds are derived or by
33 reason of limitation in the classes of persons for whose benefit the funds are applied.

34 For the purposes of this paragraph, "benevolent and charitable institutions" includes,
35 but is not limited to, nonprofit nursing homes licensed by the Department of Health
36 and Human Services pursuant to Title 22, chapter 405, nonprofit residential care
37 facilities licensed by the Department of Health and Human Services pursuant to Title
38 22, chapter 1663, nonprofit community mental health service facilities licensed by the
39 Commissioner of Health and Human Services in accordance with rules adopted
40 pursuant to Title 34-B, chapter 3 and nonprofit child care centers incorporated by this
41 State as benevolent and charitable institutions. For the purposes of this paragraph,
42 "nonprofit" refers to an institution that has been determined by the United States
43 Internal Revenue Service to be exempt from taxation under Section 501(c)(3) of the
44 Code.

1 **Sec. B-3. 36 MRSA §706-A, sub-§1**, as enacted by PL 2017, c. 367, §5, is amended
2 to read:

3 **1. Taxpayers to list property; inquiries.** Before making an assessment, the assessor
4 ~~or assessors, chief assessor of a primary assessing area or State Tax Assessor in the case of~~
5 ~~the unorganized territory~~ may give seasonable timely notice in writing to all persons liable
6 to taxation or qualifying for an exemption pursuant to subchapter 4-C in the municipality,
7 ~~the primary assessing area or the unorganized territory~~ subject to full or partial
8 reimbursement by the State to furnish to the assessor ~~or assessors, chief assessor or State~~
9 ~~Tax Assessor~~ true and perfect lists of all the property the taxpayer possessed on the first
10 day of April of the same year and may at the time of the notice or thereafter require the
11 taxpayer to answer in writing all proper inquiries as to the nature, situation and value of the
12 taxpayer's property liable to be taxed in the State or subject to an exemption pursuant to
13 ~~subchapter 4-C~~ subject to full or partial reimbursement by the State. The list and answers
14 are not conclusive upon the assessor ~~or assessors, chief assessor or State Tax Assessor.~~

15 As may be reasonably necessary to ascertain the value of property according to the income
16 approach to value pursuant to the requirements of section 208-A or generally accepted
17 assessing practices, these inquiries may seek information about income and expense,
18 manufacturing or operational efficiencies, manufactured or generated sales price trends or
19 other related information.

20 A taxpayer has 30 days from receipt of a request for a true and perfect list or of proper
21 inquiries to respond to the request or inquiries. Upon written request to the assessor ~~or~~
22 ~~assessors, chief assessor of a primary assessing area or State Tax Assessor in the case of~~
23 ~~the unorganized territory~~, a taxpayer is entitled to a 30-day extension to respond to the
24 request for a true and perfect list or proper inquiries, and the assessor may at any time grant
25 additional extensions upon written request. Information provided by the taxpayer in
26 response to an inquiry that is proprietary information, and is clearly labeled by the taxpayer
27 as proprietary and confidential information, is confidential and is not a public record for
28 purposes of Title 1, chapter 13.

29 A notice to or inquiry of a taxpayer made under this section may be by mail directed to the
30 last known address of the taxpayer or by any other method that provides reasonable notice
31 to the taxpayer.

32 If notice is given by mail and the taxpayer does not furnish the list and answers to all proper
33 inquiries, the taxpayer may not apply to the assessor ~~or assessors, chief assessor of a~~
34 ~~primary assessing area or State Tax Assessor in the case of the unorganized territory~~ for an
35 abatement or appeal an application for abatement of those taxes unless the taxpayer
36 furnishes the list and answers with the application and satisfies the assessing authority or
37 authority to whom an appeal is made that the taxpayer was unable to furnish the list and
38 answers in the time required. The list and answers are not conclusive upon the assessor ~~or~~
39 ~~assessors, chief assessor or State Tax Assessor.~~

40 If the assessor ~~or assessors, chief assessor of a primary assessing area or State Tax Assessor~~
41 ~~in the case of the unorganized territory~~ fails to give notice by mail, the taxpayer is not
42 prohibited from applying for an abatement; however, upon demand, the taxpayer shall
43 furnish the list and answer in writing all proper inquiries as to the nature, situation and
44 value of the taxpayer's property liable to be taxed in the State. A taxpayer's refusal or

1 neglect to answer the inquiries bars an appeal, but the list and answers are not conclusive
2 upon the assessor ~~or assessors, chief assessor or State Tax Assessor.~~

3 The assessor ~~or assessors, chief assessor of a primary assessing area or State Tax Assessor~~
4 ~~in the case of the unorganized territory~~ may require the person furnishing the list and
5 answers to all proper inquiries to subscribe under oath to the truth of the list and answers.

6 **Sec. B-4. 36 MRSA §1483, sub-§7**, as amended by PL 2009, c. 434, §20, is further
7 amended to read:

8 **7. Benevolent and charitable institutions.** Vehicles owned and used solely for their
9 own purposes by benevolent and charitable institutions ~~that are incorporated by this State~~
10 ~~and~~ entitled to exemption from property tax under section 652, subsection 1;

11 **Sec. B-5. 36 MRSA §6234**, as enacted by PL 2021, c. 69, §1, is amended to read:

12 **§6234. Municipal authority; veterans**

13 The legislative body of a municipality may by ordinance adopt a program to provide
14 benefits to veterans ~~with homesteads~~ owning or renting a permanent residence in the
15 municipality.

16 **1. Definitions.** For the purposes of this section, the following terms have the following
17 meanings.

18 A. ~~"Homestead" has the same meaning as in section 681, subsection 2.~~

19 A-1. "Permanent residence" has the same meaning as in section 681, subsection 3.

20 B. "Veteran" has the same meaning as in section 653, subsection 1, paragraph E and
21 includes any family members eligible for an exemption under that subsection.

22 **2. Conditions of program.** A program adopted under this section must:

23 A. Require that the claimant has maintained a ~~homestead~~ permanent residence in the
24 municipality for a certain period of time, as determined by the municipality;

25 B. Provide benefits for both owners and renters of ~~homesteads~~ permanent residences;
26 and

27 C. Calculate benefits in a way that provides that:

28 (1) If the claimant is the owner of the property, the benefit is equal to the difference
29 between the reduction in property tax due to the exemptions provided in section
30 653 and the amount of property tax reduction that would have applied if the
31 assessed value of the property was the same as the just value; and

32 (2) If the claimant is a renter, the benefit is equal to \$100.

33 **3. Repeal of program.** A municipality that has adopted a program under this section
34 may repeal it through the same procedure by which the program was adopted.

35 **Sec. B-6. 36 MRSA §6251, sub-§6**, as amended by PL 2021, c. 483, Pt. AA, §6,
36 is further amended to read:

37 **6. Appeal.** A taxpayer aggrieved by the denial of a claim for deferral of homestead
38 property taxes or disqualification from deferral of homestead property taxes may file an
39 appeal of the State Tax Assessor's determination, within 30 days of notification of denial
40 or disqualification by the State Tax Assessor, with the State Board of Property Tax Review

1 as provided in chapter 101, subchapter 2-A. ~~When the State Tax Assessor disagrees with~~
2 ~~the municipal valuation of a property subject to deferral, the abatement and appeals process~~
3 ~~under chapter 105, subchapter 8 applies.~~

4 PART C

5 **Sec. C-1. 36 MRSA §501, sub-§1-A** is enacted to read:

6 **1-A. Current use program.** "Current use program" means the:

7 A. Maine Tree Growth Tax Law established in subchapter 2-A;

8 B. Farm and open space tax law established in subchapter 10; and

9 C. Current use valuation of certain working waterfront land tax law established in
10 subchapter 10-A.

11 **Sec. C-2. 36 MRSA §578, sub-§1,** as amended by PL 2021, c. 398, Pt. J, §1, is
12 further amended by amending the first blocked paragraph to read:

13 The State Tax Assessor shall determine annually the amount of acreage in each
14 municipality that is classified and taxed in accordance with this subchapter. Each
15 municipality is entitled to annual payments distributed in accordance with this section from
16 money appropriated by the Legislature if it submits a completed annual return in
17 accordance with section 383. The State Tax Assessor shall pay any municipal claim found
18 to be in satisfactory form by October 15th of the year following the submission of the
19 annual return. The total municipal reimbursement appropriation is calculated on the basis
20 of 90% of the tax lost as a result of this subchapter. For purposes of this section, "classified
21 forest lands" means forest lands classified pursuant to this subchapter as well as all areas
22 identified as forested land within farmland parcels that are transferred from tree growth
23 classification pursuant to section 1112 on or after October 1, 2011. For the purposes of this
24 section, "tax lost" means the tax that would have been assessed, but for this subchapter, on
25 the classified forest lands if they were assessed according to the current regional per acre
26 undeveloped land value as determined for state valuation purposes, or according to the
27 current local per acre undeveloped land value as determined for state valuation purposes,
28 whichever is less, minus the tax that was actually assessed on the same lands in accordance
29 with this subchapter, and adjusted for the aggregate municipal savings in required
30 educational costs attributable to the reduction in state valuation as a result of this
31 subchapter. A municipality that fails to achieve the minimum assessment ratio established
32 in section 327 loses 10% of the reimbursement provided by this section for each one
33 percentage point the minimum assessment ratio falls below the ratio established in section
34 327.

35 **Sec. C-3. 36 MRSA §578, sub-§1, ¶C,** as amended by PL 2021, c. 398, Pt. J, §1,
36 is further amended by amending subparagraph (2), division (a) to read:

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

39 **Sec. C-4. 36 MRSA §581, sub-§1-A,** as amended by PL 2011, c. 618, §4, is further
40 amended to read:

41 **1-A. Notice of compliance.** No earlier than 185 days prior to a deadline established
42 by section 574-B, if the ~~landowner~~ owner has not yet complied with the requirements of

1 that section, the assessor must provide the ~~landowner~~ owner with written notice by certified
2 mail informing the ~~landowner~~ owner of the statutory requirements that need to be met to
3 comply with section 574-B and the date of the deadline for compliance or by which the
4 parcel may be transferred to ~~open space classification pursuant to subchapter 10~~ another
5 current use program. The notice must also state that if the owner fails to meet the deadline
6 for complying with section 574-B or transferring the parcel to ~~open space classification~~
7 another current use program, a supplemental assessment of \$500 will be assessed and that
8 continued noncompliance will lead to a subsequent supplemental assessment of \$500. If
9 the notice is issued less than 120 days before the deadline, the owner has 120 days from
10 the date of the notice to provide the assessor with the documentation to achieve compliance
11 with section 574-B or transfer the parcel to ~~open space classification~~ another current use
12 program, and the notice must specify the date by which the owner must comply.

13 If the ~~landowner~~ owner fails to provide the assessor with the documentation to achieve
14 compliance with section 574-B or transfer the parcel to ~~open space classification pursuant~~
15 ~~to subchapter 10~~ another current use program by the deadline specified in the notice, the
16 assessor shall impose a \$500 penalty to be assessed and collected as a supplemental
17 assessment in accordance with section 713-B. The assessor shall send notification of the
18 supplemental assessment by certified mail and notify the ~~landowner~~ owner that, no later
19 than 6 months from the date of the 2nd notice, the ~~landowner~~ owner must comply with the
20 requirements of section 574-B or transfer the parcel to ~~open space classification pursuant~~
21 ~~to subchapter 10~~ another current use program and that failure to comply will result in an
22 additional supplemental assessment of \$500 and the ~~landowner~~ owner will have an
23 additional 6-month period in which to comply with these requirements before the
24 withdrawal of the parcel and the assessment of substantial financial penalties against the
25 ~~landowner~~ owner.

26 At the expiration of 6 months, if the ~~landowner~~ owner has not complied with section 574-B
27 or transferred the parcel to ~~open space classification under subchapter 10~~ another current
28 use program, the assessor shall assess an additional \$500 supplemental assessment. The
29 assessor shall send notification of the 2nd supplemental assessment by certified mail and
30 notify the ~~landowner~~ owner that, no later than 6 months from the date of the notice, the
31 ~~landowner~~ owner must comply with the requirements of section 574-B or transfer the parcel
32 to ~~open space classification pursuant to subchapter 10~~ another current use program or the
33 land will be withdrawn from the ~~tree growth tax program~~ taxation under this subchapter.

34 If the ~~landowner~~ owner has not complied within 6 months from the date of the 2nd
35 supplemental assessment, the assessor shall remove the parcel from taxation under this
36 subchapter and assess a penalty for the parcel's withdrawal pursuant to subsection 3.

37 This subsection does not limit the assessor from issuing other notices or compliance
38 reminders to ~~property~~ owners at any time in addition to the notice required by this
39 subsection.

40 **Sec. C-5. 36 MRSA §581, sub-§3**, as repealed and replaced by PL 2007, c. 627,
41 §16, is amended to read:

42 **3. Penalty.** If land is withdrawn from taxation under this subchapter, the assessor shall
43 impose a penalty upon the owner. The penalty is the greater of:

44 A. An amount equal to the taxes that would have been assessed on the land on the first
45 day of April for the 5 tax years, or any lesser number of tax years starting with the year

1 in which the land was first classified, preceding the withdrawal had that land been
2 assessed in each of those years at its just value on the date of withdrawal. ~~That amount~~
3 ~~must be reduced by less~~ all taxes paid on that land over the preceding 5 years, or any
4 lesser number of tax years starting with the year in which the land was first classified,
5 and increased by interest at the prevailing municipal rate from the date or dates on
6 which those amounts would have been payable; and

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

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

12 (2) If the land was subject to valuation under this subchapter for more than 10
13 years prior to the date of withdrawal, the rate is ~~that percentage obtained by~~
14 ~~subtracting 1% from 30%~~ reduced by one percentage point for each full year
15 beyond 10 years that the land was subject to valuation under this subchapter prior
16 to the date of withdrawal, except that the minimum rate is 20%.

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

20 **Sec. C-6. 36 MRSA §581, sub-§4**, as repealed and replaced by PL 2007, c. 627,
21 §16, is amended to read:

22 **4. Assessment and collection of penalties.** The owner shall pay the penalties for
23 withdrawal under this section ~~must be paid~~ upon withdrawal to the tax collector as
24 additional property taxes. Penalties may be assessed and collected as supplemental
25 assessments in accordance with section 713-B.

26 **Sec. C-7. 36 MRSA §581, sub-§5**, as repealed and replaced by PL 2007, c. 627,
27 §16, is amended to read:

28 **5. Eminent domain.** A penalty may not be assessed under this section ~~for a~~ if the
29 withdrawal of the parcel is occasioned by a transfer to an the State or other entity holding
30 the power of eminent domain if the transfer results resulting from the exercise or threatened
31 exercise of that power.

32 **Sec. C-8. 36 MRSA §581, sub-§6**, as repealed and replaced by PL 2007, c. 627,
33 §16, is amended to read:

34 **6. Relief from requirements.** Upon withdrawal ~~under this section~~, the land is relieved
35 of the requirements of this subchapter immediately and is returned to taxation under ~~chapter~~
36 ~~405~~, subchapter 2 beginning the ~~following~~ April 1st following withdrawal.

37 **Sec. C-9. 36 MRSA §581, sub-§7**, as repealed and replaced by PL 2007, c. 627,
38 §16, is amended to read:

39 **7. Reclassification as farmland or open space land under other current use**
40 **program.** A penalty may not be assessed upon the withdrawal of land from taxation under
41 this subchapter if the owner applies for classification of that land as ~~farmland or open space~~
42 ~~land under subchapter 10~~ in another current use program prior to withdrawal and that

1 application is accepted. If a penalty is later assessed under section ~~442~~ 1112-C or 1138,
2 the period of time that the land was taxed as forest land under this subchapter is included
3 for purposes of establishing the amount of the penalty.

4 **Sec. C-10. 36 MRSA §713-B**, as enacted by PL 1993, c. 452, §6, is amended to
5 read:

6 **§713-B. Penalties assessed as supplemental assessments**

7 Penalties imposed under section 581 ~~or 442~~, 1112-C or 1138 may be assessed as
8 supplemental assessments pursuant to section 713 regardless of the number of years
9 applicable in determining the penalty.

10 **Sec. C-11. 36 MRSA §1109, sub-§5**, as repealed and replaced by PL 2007, c. 438,
11 §28, is amended by amending the first blocked paragraph to read:

12 If the owner fails to report to the assessor as required by this subsection, the assessor shall
13 assess those taxes ~~that should have been~~ required to be paid, shall assess the penalty
14 provided in section ~~442~~ 1112-C and shall assess an additional penalty equal to 25% of the
15 penalty provided in section ~~442~~ 1112-C. The assessor may waive the additional penalty
16 for cause.

17 **Sec. C-12. 36 MRSA §1112**, as amended by PL 2019, c. 379, Pt. A, §6, is repealed.

18 **Sec. C-13. 36 MRSA §1112-C** is enacted to read:

19 **§1112-C. Recapture penalty**

20 **1. Assessor determination; owner request.** If the assessor determines that land
21 subject to this subchapter no longer meets the requirements of this subchapter, the assessor
22 shall withdraw the land from taxation under this subchapter. The owner of land subject to
23 this subchapter may at any time request withdrawal of any of the owner's land from taxation
24 under this subchapter by certifying in writing to the assessor that the land is no longer to
25 be classified under this subchapter. For purposes of this section, the transfer of land
26 between different classifications within this subchapter does not constitute a withdrawal.

27 **2. Withdrawal of portion.** In the case of withdrawal of a portion of farmland or open
28 space land, the owner, as a condition of withdrawal, shall file with the assessor a schedule
29 including the information required under section 1109 showing the area withdrawn and the
30 area remaining under this subchapter.

31 **3. Penalty.** If land is withdrawn from taxation under this subchapter, the assessor shall
32 impose a penalty upon the owner. The penalty is the greater of:

33 A. An amount equal to the taxes that would have been assessed on the land on the first
34 day of April for the 5 tax years, or any lesser number of tax years starting with the year
35 in which the land was first classified, preceding the withdrawal had that land been
36 assessed in each of those years at its just value on the date of withdrawal less all taxes
37 paid on that land over the preceding 5 years, or any lesser number of tax years starting
38 with the year in which the land was first classified, and increased by interest at the
39 prevailing municipal rate from the date or dates on which those amounts would have
40 been payable; and

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

4 (1) If the land was subject to valuation under this subchapter for 10 years or fewer
5 prior to the date of withdrawal, the rate is 30%; and

6 (2) If the land was subject to valuation under this subchapter for more than 10
7 years prior to the date of withdrawal, the rate is 30% reduced by one percentage
8 point for each full year beyond 10 years that the land was subject to valuation under
9 this subchapter prior to the date of withdrawal, except that the minimum rate is
10 20%.

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

14 **4. Assessment and collection of penalties.** The owner shall pay the penalties for
15 withdrawal upon withdrawal to the tax collector as additional property taxes. Penalties may
16 be assessed and collected as supplemental assessments in accordance with section 713-B.

17 **5. Eminent domain.** A penalty may not be assessed under this section if the
18 withdrawal of the parcel is occasioned by a transfer to the State or other entity holding the
19 power of eminent domain resulting from the exercise or threatened exercise of that power.

20 **6. Relief from requirements.** Upon withdrawal, the land is relieved of the
21 requirements of this subchapter immediately and is returned to taxation under subchapter
22 2 beginning the April 1st following withdrawal.

23 **7. Reclassification under other current use program.** A penalty may not be
24 assessed upon the withdrawal of land from taxation under this subchapter if the owner
25 applies for classification of that land in another current use program prior to withdrawal
26 and the application is accepted. If a penalty is later assessed under section 581 or 1138, the
27 period of time that the land was taxed as farmland or open space land under this subchapter
28 is included for purposes of establishing the amount of the penalty.

29 **8. Report of penalty.** A municipality that receives a penalty for the withdrawal of
30 land from taxation under this subchapter shall report to the State Tax Assessor the total
31 amount received in that reporting year on the municipal valuation return form described in
32 section 383.

33 **9. Collection of farmland penalty; annual installments.** An owner of farmland that
34 has been classified under this subchapter for 5 full years or more may pay any penalty owed
35 under this section in up to 5 equal annual installments with interest at the rate set by the
36 municipality, which begins to accrue 60 days after the date of assessment. Notwithstanding
37 section 943, for an owner paying a penalty under this subsection, the period during which
38 the tax lien mortgage, including interest and costs, must be paid to avoid foreclosure and
39 expiration of the right of redemption is 48 months from the date of the filing of the tax lien
40 certificate.

41 **Sec. C-14. 36 MRS §1113**, as amended by PL 2009, c. 496, §9, is further amended
42 to read:

43 **§1113. Enforcement provision**

1 A lien is created to secure the payment of the penalties provided in section 1109,
2 subsections 2 and 5 and section ~~442~~ 1112-C, which may be enforced in the same manner
3 as liens created by section 552.

4 **Sec. C-15. 36 MRSA §1115**, as amended by PL 2009, c. 496, §10, is further
5 amended to read:

6 **§1115. Transfer of portion of parcel of land**

7 Transfer of a portion of a parcel of farmland subject to taxation under this subchapter
8 does not affect the taxation under this subchapter of the resulting parcels unless they do not
9 meet the minimum acreage requirements of this subchapter. Transfer of a portion of a
10 parcel of open space land subject to taxation under this subchapter does not affect the
11 taxation under this subchapter of the resulting parcels unless either or both of the parcels
12 no longer provide a public benefit in one of the areas enumerated in section 1102,
13 subsection 6. Each resulting parcel must be taxed to the owners under this subchapter until
14 it is withdrawn from taxation under this subchapter, in which case the penalties provided
15 in section ~~442~~ 1112-C apply only to the owner of that parcel. If the transfer of a portion
16 of a parcel of farmland subject to taxation under this subchapter results in the creation of a
17 parcel that is less than the minimum acreage required by this subchapter or if the transfer
18 of a portion of a parcel of open space land subject to taxation under this subchapter results
19 in the creation of a parcel that no longer provides a public benefit in one of the areas
20 enumerated in section 1102, subsection 6, that parcel is deemed to have been withdrawn
21 from taxation under this subchapter as a result of the transfer and is subject to the penalties
22 provided in section ~~442~~ 1112-C.

23 **Sec. C-16. 36 MRSA §1121**, as amended by PL 2001, c. 652, §9 and PL 2011, c.
24 657, Pt. W, §5, is further amended to read:

25 **§1121. Program monitoring**

26 The Department of Agriculture, Conservation and Forestry and the Bureau of Revenue
27 Services shall periodically review the level of participation in the farm and open space tax
28 program, the taxes saved due to that participation, the fiscal impact, if any, on
29 municipalities, including the impact of any penalties assessed under section ~~442~~ 1112-C
30 and the effectiveness of the program in preserving farmland and open space. The
31 department and the bureau may report to the joint standing committee of the Legislature
32 having jurisdiction over taxation matters on the status of the program. The department and
33 the bureau may identify problems that prevent realization of the purposes of this subchapter
34 and potential solutions to remedy those problems.

35 **Sec. C-17. 36 MRSA §1138**, as enacted by PL 2007, c. 466, Pt. A, §58, is amended
36 to read:

37 **§1138. Recapture penalty**

38 **1. Assessor determination; owner request.** If the assessor determines that land
39 subject to this subchapter no longer meets the requirements of this subchapter, the assessor
40 must withdraw the land from taxation under this subchapter. The owner ~~or owners~~ of land
41 subject to this subchapter may at any time request withdrawal of any land from taxation
42 under this subchapter by certifying in writing to the assessor that the land is no longer to
43 be classified under this subchapter.

1 **2. Withdrawal of portion.** In the case of withdrawal of a portion of the working
2 waterfront land, the owner ~~or owners~~, as a condition of withdrawal, shall file with the
3 assessor a schedule including the information required under section 1137, subsection 1
4 showing the area withdrawn and the area remaining under this subchapter.

5 **3. Penalty.** If land is withdrawn from taxation under this subchapter, the assessor shall
6 impose a penalty upon the owner ~~or owners~~. The penalty is the greater of:

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

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

19 (1) If the ~~real-estate~~ land was subject to valuation under this subchapter for 10
20 years or less prior to the date of withdrawal, the rate is 30%; and

21 (2) If the ~~real-estate~~ land was subject to valuation under this subchapter for more
22 than 10 years prior to the date of withdrawal, the rate is ~~that percentage obtained~~
23 ~~by subtracting 1% from 30%~~ reduced by one percentage point for each full year
24 beyond 10 years that the ~~real-estate~~ land was subject to valuation under this
25 subchapter prior to the date of withdrawal ~~until a~~, except that the minimum rate ~~of~~
26 is 20% is reached.

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

30 **4. Assessment and collection of penalties.** The owner shall pay the penalties for
31 withdrawal ~~must be paid~~ upon withdrawal to the tax collector as additional property taxes.
32 Penalties may be assessed and collected as supplemental assessments in accordance with
33 section 713-B.

34 **5. Eminent domain.** A penalty may not be assessed under this section if the
35 withdrawal of the parcel is occasioned by a transfer to the State or other entity holding the
36 power of eminent domain resulting from the exercise or threatened exercise of that power.

37 **6. Relief from requirements.** Upon withdrawal, the land is relieved of the
38 requirements of this subchapter immediately and is returned to taxation under ~~the statutes~~
39 ~~relating to the taxation of real property to be so taxed on~~ subchapter 2 beginning the
40 following April 1st following withdrawal.

41 **7. Reclassification as open space under other current use program.** ~~No~~ A penalty
42 may not be assessed upon the withdrawal of land from taxation under this subchapter if the
43 owner ~~or owners~~ apply ~~for and are accepted for~~ classification of that land as ~~open~~
44 space land under subchapter 10 in another current use program prior to withdrawal and that

1 application is accepted. If a penalty is later assessed under section 581 or section 1112-C,
2 the period of time that the land was taxed as working waterfront land under this subchapter
3 is included for purposes of establishing the amount of the penalty.

4 **8. Report of penalty.** Any municipality that receives a penalty for the withdrawal of
5 land from taxation under this subchapter shall report to the State Tax Assessor the total
6 amount received in that reporting year on the municipal valuation return form described in
7 section 383.

8 PART D

9 **Sec. D-1. 23 MRSA §4210-B, sub-§7-A,** as amended by PL 2021, c. 446, §1, is
10 further amended to read:

11 **7-A. Sales tax revenue.** ~~Beginning July 1, 2012 and every~~ On July 1st thereafter,
12 ~~except as provided in Title 36, section 1820 of each year,~~ the State Controller shall transfer
13 to the Multimodal Transportation Fund an amount, as certified by the State Tax Assessor,
14 that is equivalent to 100% of the revenue from the tax imposed on the value of rental of a
15 pickup truck or van with a gross weight of less than 26,000 pounds rented from a person
16 primarily engaged in the business of renting automobiles and the value of rental for a period
17 of less than one year of an automobile pursuant to Title 36, section 1811 for the first 6
18 months of the prior fiscal year after the reduction for the transfer to the Local Government
19 Fund as described by Title 30-A, section 5681, subsection 5 and the transfer to the ATV
20 Recreational Management Fund pursuant to Title 36, section 1820. ~~Beginning on October~~
21 ~~1, 2012 and every~~ On October 1st thereafter, except as provided in Title 36, section 1820
22 of each year, the State Controller shall transfer to the Multimodal Transportation Fund an
23 amount, as certified by the State Tax Assessor, that is equivalent to 100% of the revenue
24 from the tax imposed on the value of rental of a pickup truck or van with a gross weight of
25 less than 26,000 pounds rented from a person primarily engaged in the business of renting
26 automobiles and the value of rental for a period of less than one year of an automobile
27 pursuant to Title 36, section 1811 for the last 6 months of the prior fiscal year after the
28 reduction for the transfer to the Local Government Fund as described by Title 30-A, section
29 5681, subsection 5 and the transfer to the ATV Recreational Management Fund pursuant
30 to Title 36, section 1820. The tax amount must be based on actual sales for that fiscal year
31 and may not consider any accruals that may be required by law.

32 **Sec. D-2. 36 MRSA §1820,** as enacted by PL 2021, c. 446, §2, is amended to read:
33 **§1820. Tax on rental of all-terrain vehicles**

34 By the 20th day of each month beginning January 1, 2022 and ending July 20, 2022,
35 the assessor shall notify the State Controller and the Treasurer of State of the amount of
36 revenue attributable to the tax collected under this Part on the rental of all-terrain vehicles
37 as defined in Title 12, section 13001, subsection 3. When notified by the assessor, the State
38 Controller shall transfer 90% of that amount to the ATV Recreational Management Fund
39 established in Title 12, section 1893, subsection 2 and 10% to the Multimodal
40 Transportation Fund established in Title 23, section 4210-B.

41 Beginning July 1, 2023 and every July 1st thereafter, the State Controller shall transfer
42 to the ATV Recreational Management Fund established in Title 12, section 1893,
43 subsection 2 an amount, as certified by the State Tax Assessor, that is equivalent to 90% of
44 the revenue from the tax imposed under this Part on the rental of all-terrain vehicles for the

1 first 6 months of the prior fiscal year after the reduction for the transfer to the Local
2 Government Fund as described by Title 30-A, section 5681, subsection 5. Beginning on
3 October 1, 2023 and every October 1st thereafter, the State Controller shall transfer to the
4 ATV Recreational Management Fund an amount, as certified by the State Tax Assessor,
5 that is equivalent to 90% of the revenue from the tax imposed under this Part on the rental
6 of all-terrain vehicles for the last 6 months of the prior fiscal year after the reduction for
7 the transfer to the Local Government Fund as described by Title 30-A, section 5681,
8 subsection 5. The remaining 10% of the revenue from the tax imposed under this Part on
9 the rental of all-terrain vehicles is transferred to the Multimodal Transportation Fund
10 pursuant to Title 23, section 4210-B, subsection 7-A. The tax amount must be based on
11 actual sales for that fiscal year and may not consider any accruals that may be required by
12 law.

13 **SUMMARY**

14 Part A makes changes to the insurance premiums tax and income tax law. Part A:

15 1. Specifies that, for tax periods beginning on or after January 1, 2023, premiums on
16 contracts sold by insurance producers through nonadmitted insurers and premiums paid by
17 insureds on self-procured contracts from nonadmitted insurers are subject to tax at the
18 higher of Maine’s tax rate and the tax rate of the state of incorporation of the insurance
19 company that is underwriting the policy; and

20 2. Increases the withholding rate applicable to certain gambling winnings subject to
21 Maine tax from 5% of the winnings to the highest marginal tax rate applicable to the tax
22 year during which the winnings are paid, plus any other applicable tax under the Maine
23 Revised Statutes, Title 36, Part 8 relating to income taxes.

24 Part B makes changes to the property tax law. Part B:

25 1. Requires municipalities to annually provide information needed by the Department
26 of Administrative and Financial Services, Bureau of Revenue Services to conduct state
27 valuation;

28 2. Removes an obsolete reference to state property tax;

29 3. Removes the requirement for benevolent and charitable institutions to be
30 incorporated in Maine to be exempt from taxation;

31 4. Allows assessors to request information from taxpayers regarding property
32 qualifying for an exemption that is subject to full or partial reimbursement by the State;

33 5. Strikes the provision under the deferred collection of homestead property taxes
34 applying the abatement and appeals process under Title 36, chapter 105, subchapter 8 to
35 situations in which the State Tax Assessor disagrees with the municipal valuation of a
36 property subject to deferral; and

37 6. Replaces the term “homestead” with the term “permanent residence” in Title 36,
38 section 6234, regarding municipal benefits to veterans, to better align the definition with
39 the benefit to renters allowed under that section.

40 Part C expands the penalty-free reclassification of land taxed under the Maine Tree
41 Growth Tax Law and farm and open space law to include reclassifications into and out of
42 working waterfront land without incurring a penalty. In addition, it clarifies and aligns the

1 penalty provisions for tree growth, farm and open space and working waterfront current
2 use classifications.

3 Part D changes the monthly transfer of sales tax revenue to the ATV Recreational
4 Management Fund to a biannual transfer, beginning July 1, 2023, of sales tax revenue from
5 the prior fiscal year and clarifies that the transfer is reduced by the transfer to the Local
6 Government Fund.