

MAINE STATE LEGISLATURE

The following document is provided by the
LAW AND LEGISLATIVE DIGITAL LIBRARY
at the Maine State Law and Legislative Reference Library
<http://legislature.maine.gov/lawlib>



Reproduced from electronic originals
(may include minor formatting differences from printed original)

ROS

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35

Date 5-25-23

Minority

LD 341
(Filing No H-236)

TAXATION

Reproduced and distributed under the direction of the Clerk of the House

**STATE OF MAINE
HOUSE OF REPRESENTATIVES
131ST LEGISLATURE
FIRST SPECIAL SESSION**

COMMITTEE AMENDMENT "A" to HP 215, LD 341, "An Act to Amend the Maine Tree Growth Tax Law to Encourage Housing Construction"

Amend the bill by striking out everything after the enacting clause and inserting the following

Sec. 1. 36 MRSA §581, sub-§3, as amended by PL 2021, c 630, Pt C, §5, is further amended to read

3. Penalty. If Except as provided in subsections 3-A and 3-B, if land is withdrawn from taxation under this subchapter, the assessor shall impose a penalty upon the owner. The penalty is the greater of

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

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

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

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

COMMITTEE AMENDMENT

1 For purposes of this subsection and subsections 3-A and 3-B, just value at the time of
2 withdrawal is the assessed just value of comparable property in the municipality adjusted
3 by the municipality's certified assessment ratio

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

5 **3-A. Penalty; use of land for single-family housing construction.** If land is
6 withdrawn from taxation under this subchapter and a portion of the land will be used for
7 construction of single-family residential housing and the conditions required for building
8 construction described in subsection 3-B are met within 2 years of withdrawal, the assessor
9 shall impose a penalty upon the owner that is equal to the amount calculated under
10 subsection 3, paragraph A. Withdrawal of land is subject to the penalty provided under
11 subsection 3, paragraph A only if the amount of land withdrawn annually is equal to or less
12 than the minimum lot size for the construction of one single-family residence within the
13 jurisdiction where the land is located. If construction of single-family residential housing
14 is not completed within 2 years of withdrawal or the conditions required for building
15 construction are not met, the penalty must be recalculated under subsection 3, paragraphs
16 A and B and a supplemental penalty must be assessed for the amount in excess of the
17 penalty originally assessed. Any supplemental penalty resulting from failure to complete
18 construction within 2 years of withdrawal must be assessed to the person that purchased
19 the parcel.

20 This subsection is repealed January 1, 2029.

21 **Sec. 3. 36 MRSA §581, sub-§3-B** is enacted to read

22 **3-B. Conditions; use of land for single-family construction.** In order to qualify for
23 the original penalty provided under subsection 3-A, the following conditions must be met

24 A The land withdrawn must be eligible for taxation under this subchapter on July 1,
25 2023.

26 B No more than one parcel may be withdrawn annually.

27 C The size of the parcel is limited to the minimum lot size allowed by the governing
28 jurisdiction for the intended purpose of single-family residential housing construction
29 in the applicable location.

30 D The housing constructed on the land must be intended to be occupied as a residence
31 and be deemed habitable by the code enforcement official for the applicable location
32 within 2 years after withdrawal.

33 This subsection is repealed January 1, 2029.

34 **Sec. 4. Appropriations and allocations.** The following appropriations and
35 allocations are made.

36 **ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF**

37 **Revenue Services, Bureau of 0002**

38 Initiative Provides funding to establish 2 Revenue Agent positions effective October 1,
39 2023 to implement changes to the Maine Tree Growth Tax Law

40	GENERAL FUND	2023-24	2024-25
41	POSITIONS - LEGISLATIVE COUNT	2 000	2 000

COMMITTEE AMENDMENT "A" to H P 215, L D 341

1	Personal Services	\$175,997	\$238,702
2	All Other	\$33,912	\$29,312
3			
4	GENERAL FUND TOTAL	<u>\$209,909</u>	<u>\$268,014</u>

5

6 Amend the bill by relettering or renumbering any nonconsecutive Part letter or section
7 number to read consecutively

8

SUMMARY

9 This amendment ensures that at least the minimum withdrawal penalty allowed by the
10 Constitution of Maine is assessed for the withdrawal of land from Maine Tree Growth Tax
11 Law assessment for the purposes of single-family residential housing construction as
12 provided by the bill. It also establishes conditions that the land must meet in order to qualify
13 for the constitutional minimum penalty. If the conditions are not met within 2 years after
14 withdrawal, a supplemental assessment must be made to ensure that the usual full
15 withdrawal penalty is assessed. These provisions are repealed January 1, 2029.

16

FISCAL NOTE REQUIRED

17

(See attached)



131st MAINE LEGISLATURE

LD 341

LR 951(02)

An Act to Amend the Maine Tree Growth Tax Law to Encourage Housing Construction

Fiscal Note for Bill as Amended by Committee Amendment "A" (H-236)

Committee: Taxation

Fiscal Note Required: Yes

Fiscal Note

	FY 2023-24	FY 2024-25	Projections FY 2025-26	Projections FY 2026-27
Net Cost (Savings)				
General Fund	\$209,909	\$268,014	(\$23,393)	(\$14,490)
Appropriations/Allocations				
General Fund	\$209,909	\$268,014	(\$23,393)	(\$14,490)

Fiscal Detail and Notes

The bill includes ongoing General Fund appropriations to the Department of Administrative and Financial Services, Bureau of Revenue Services of \$209,909 in fiscal year 2023-24 and \$268,014 in fiscal year 2024-25 for 2 Revenue Agent positions effective October 1, 2023 to process applications for withdrawal of land from the tree growth program, conduct site visits and determine eligibility for the reduced withdrawal penalty provided in the bill

Increased withdrawals of land from the tree growth program will reduce state reimbursement to municipalities for property tax revenue lost due to the program. The first state reimbursement payment to municipalities that will be impacted by the bill is the October 2025 payment. The projections for fiscal year 2025-26 and fiscal year 2026-27 include a deappropriation of \$300,000 per year for the reduced state reimbursement.