

# MAINE STATE LEGISLATURE

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TAXATION

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STATE OF MAINE  
HOUSE OF REPRESENTATIVES  
131ST LEGISLATURE  
SECOND REGULAR SESSION

COMMITTEE AMENDMENT "A" to H.P. 1060, L.D. 1648, "An Act to Make Changes to the Farm and Open Space Tax Law"

Amend the bill by striking out all of sections 1 and 2.

Amend the bill by striking out all of section 4 and inserting the following:

'Sec. 4. 36 MRSa §1106-B is enacted to read:

**§1106-B. Valuation of open space land**

For purposes of this subchapter, open space land is valued according to and subject to the provisions of this section.

1. Open space land valuation determined. The State Tax Assessor shall determine the 100% open space land valuation for each county by doubling the 100% valuation per acre for the highest value forest type for each county obtained pursuant to section 576.

2. Reduction. A landowner may apply for up to 2 of the following additional reductions in valuation specified in this subsection except that, notwithstanding any provision of law to the contrary, the value of forested open space land may not be reduced to less than the highest value it would have if enrolled in the Maine Tree Growth Tax Law and the open space land valuation may not exceed just value as determined pursuant to section 701-A.

A. Public access open space land is eligible for a 25% reduction in the open space land valuation if the landowner agrees to refrain from taking action to discourage or prohibit daytime, nonmotorized and nondestructive public use of that land. The landowner may permit, but is not obligated to permit as a condition of qualification under this paragraph, hunting, snowmobiling, overnight use or other more intensive outdoor recreational uses. The landowner, without disqualifying land under this paragraph, may impose temporary or localized public access restrictions to:

(1) Protect active habitat of endangered species listed under Title 12, chapter 925, subchapter 3;

1                   (2) Prevent destruction or harm to fragile protected natural resources under Title  
 2                   38, chapter 3, subchapter 1, article 5-A; or

3                   (3) Protect a recreational user from any hazardous area.

4                   B. Permanently protected open space land is eligible for a 25% reduction in the open  
 5                   space land valuation. For purposes of this paragraph, "permanently protected open  
 6                   space land" is an area of open space land that is subject to restrictions prohibiting  
 7                   building development under a perpetual conservation easement pursuant to Title 33,  
 8                   chapter 7, subchapter 8-A or as an open space land preserve owned and operated by a  
 9                   state or federal natural resource agency or a nonprofit entity in accordance with section  
 10                   1109, subsection 3, paragraph H.

11                   C. Open space land on which an approved wildlife enhancement practice has been  
 12                   completed and certified is eligible for a 20% reduction in the open space land valuation  
 13                   as long as the parcel remains in the program under this subchapter.

14                   D. Open space land on which an approved climate-friendly practice has been  
 15                   completed and certified is eligible for a 20% reduction in the open space land valuation  
 16                   as long as the parcel remains in the program under this subchapter.

17                   **3. Municipal reimbursement.** The State Tax Assessor shall distribute reimbursement  
 18                   under this subsection to each municipality in proportion to the product of the reduced open  
 19                   space land valuation of the municipality multiplied by the property tax burden of the  
 20                   municipality.

21                   As used in this subsection, unless the context otherwise indicates, the following terms have  
 22                   the following meanings.

23                   A. "Average value of undeveloped land" means the current regional per acre  
 24                   undeveloped land value as determined for state valuation purposes or the current local  
 25                   per acre undeveloped land value as determined for state valuation purposes, whichever  
 26                   is less.

27                   B. "Property tax burden" means the total real and personal property taxes assessed in  
 28                   the most recently completed municipal fiscal year, except the taxes assessed on  
 29                   captured value within a tax increment financing district, divided by the latest state  
 30                   valuation certified to the Secretary of State.

31                   C. "Reduced open space land valuation" means the difference between the average  
 32                   value of undeveloped land and the average value of classified open space land  
 33                   multiplied by the total number of acres of classified open space land.

34                   D. "Undeveloped land" means rear acreage and unimproved nonwaterfront acreage  
 35                   that is not:

- 36                   (1) Classified under the laws governing a current use program;
- 37                   (2) A base lot; or
- 38                   (3) Wasteland.

39                   **4. Municipal payments.** The State Tax Assessor shall determine annually the amount  
 40                   of acreage in each municipality that is classified open space land. Each municipality is  
 41                   entitled to annual payments distributed in accordance with this section from money  
 42                   appropriated by the Legislature if it submits a completed annual return in accordance with

1 section 383. The State Tax Assessor shall pay, by October 15th of the year following the  
 2 submission of the annual return, any municipal claim found to be in satisfactory form. The  
 3 total municipal reimbursement appropriation amount is equal to 90% of the tax lost as a  
 4 result of this subchapter. A municipality that fails to achieve the minimum assessment  
 5 ratio established in section 327 loses 10% of the reimbursement provided by this section  
 6 for each one percentage point by which the minimum assessment ratio falls below the ratio  
 7 established in section 327. For purposes of this subsection, "classified open space land"  
 8 means open space land classified pursuant to this subchapter. For the purposes of this  
 9 subsection, "tax lost" means the tax that would have been assessed, but for this subchapter,  
 10 on classified open space land if the land was assessed according to the current regional per  
 11 acre undeveloped land value as determined for state valuation purposes, or according to the  
 12 current local per acre undeveloped land value as determined for state valuation purposes,  
 13 whichever is less, minus the tax that was actually assessed on the same land in accordance  
 14 with this subchapter and adjusted for the aggregate municipal savings in required  
 15 educational costs attributable to the reduction in state valuation as a result of this  
 16 subchapter.

17 **5. Rules.** The Bureau of Revenue Services, in consultation with the Department of  
 18 Agriculture, Conservation and Forestry and the Department of Inland Fisheries and  
 19 Wildlife, shall adopt rules to carry out the purposes of subsection 2, paragraphs C and D.  
 20 The rules must define wildlife enhancement practices and climate-friendly practices, the  
 21 standards for each practice, the method of certifying that a practice has been completed,  
 22 including the qualifications of the certifier, and the process of reporting to the municipal  
 23 assessor, or the State Tax Assessor in the unorganized territory, on the successful  
 24 implementation of an approved practice. The bureau shall consider appropriate practices  
 25 and standards identified by the United States Department of Agriculture, Natural Resources  
 26 Conservation Service, but the bureau may adopt modifications to those practices and  
 27 standards and adopt additional eligible practices and standards. Rules adopted pursuant to  
 28 this subsection are routine technical rules under Title 5, chapter 375, subchapter 2-A.'

29 Amend the bill in section 5 in subsection 3 in paragraph O in the last 2 lines (page 5,  
 30 lines 25 and 26 in L.D.) by striking out the following: "~~1102, subsection 10, 1106-B,~~  
 31 subsection 3, paragraph A, subparagraph (1) or (2); or" and inserting the following: '1102,  
 32 subsection 10; or'

33 Amend the bill by striking out all of section 6 and inserting the following:

34 '**Sec. 6. 36 MRSA §1114**, as enacted by PL 1975, c. 726, §2, is amended to read:

35 **§1114. Application**

36 No person can A landowner may not apply for classification for more than an aggregate  
 37 total of 15,000 acres under this subchapter, unless the landowner is a nonprofit organization  
 38 that has been determined by the United States Internal Revenue Service to be exempt from  
 39 taxation under Section 501(c)(3) of the Code. The classification of farmland or open space  
 40 land hereunder shall continue under this subchapter continues until the municipal assessor,  
 41 or State Tax Assessor in the unorganized territory, ~~determine~~ determines that the land no  
 42 longer meets the requirements of such the classification.'

43 Amend the bill in section 8 in the last line (page 6, line 19 in L.D.) by striking out the  
 44 following: "2024" and inserting the following: '2025'

1 Amend the bill by inserting after section 8 the following:

2 **'Sec. 9. Appropriations and allocations.** The following appropriations and  
 3 allocations are made.

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

5 **Open Space Tax Reimbursement N488**

6 Initiative: Provides one-time funding to reimburse municipalities for state-mandated costs  
 7 related to changes to the open space tax program.

8	<b>GENERAL FUND</b>	<b>2023-24</b>	<b>2024-25</b>
9	All Other	\$0	\$17,500
10			
11	GENERAL FUND TOTAL	\$0	\$17,500

12 **Revenue Services, Bureau of 0002**

13 Initiative: Provides one-time funding for computer programming associated with changes  
 14 to the open space tax program.

15	<b>GENERAL FUND</b>	<b>2023-24</b>	<b>2024-25</b>
16	All Other	\$0	\$122,000
17			
18	GENERAL FUND TOTAL	\$0	\$122,000

19

20 **ADMINISTRATIVE AND FINANCIAL**  
 21 **SERVICES, DEPARTMENT OF**  
 22 **DEPARTMENT TOTALS**

23		<b>2023-24</b>	<b>2024-25</b>
24	<b>GENERAL FUND</b>	<b>\$0</b>	<b>\$139,500</b>
25			
26	<b>DEPARTMENT TOTAL - ALL FUNDS</b>	<b>\$0</b>	<b>\$139,500</b>

27

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

30 **SUMMARY**

31 This amendment changes the method for the valuation of open space land under the  
 32 farm and open space tax law. It changes the method of calculating the valuation of wildlife  
 33 habitat land to incorporate specific criteria for a reduced valuation, and it adds as a category  
 34 open space land on which an approved climate-friendly practice has been approved and  
 35 certified. It provides a process for reimbursing municipalities for 90% of tax lost as a result  
 36 of the classification of open space land.

37 The amendment requires the Department of Administrative and Financial Services,  
 38 Bureau of Revenue Services, in consultation with the Department of Agriculture,  
 39 Conservation and Forestry and the Department of Inland Fisheries and Wildlife, to adopt  
 40 routine technical rules necessary for carrying out the changes in the Maine Revised

COMMITTEE AMENDMENT "A" to H.P. 1060, L.D. 1648

1 Statutes, Title 36, section 1106-B, subsection 2, paragraphs C and D and changes the  
2 application date from April 1, 2024 to April 1, 2025.

3 The amendment allows a landowner determined to be a 501(c)(3) nonprofit  
4 organization by the United States Internal Revenue Service to apply for classification for  
5 more than an aggregate total of 15,000 acres under the laws governing the valuation of  
6 open space land.

7 **FISCAL NOTE REQUIRED**

8 (See attached)



# 131st MAINE LEGISLATURE

LD 1648

LR 1490(02)

## An Act to Make Changes to the Farm and Open Space Tax Law

Fiscal Note for Bill as Amended by Committee Amendment 'A' (H-945)

Committee: Taxation

Fiscal Note Required: Yes

### Fiscal Note

State Mandate - Funded

	FY 2023-24	FY 2024-25	Projections FY 2025-26	Projections FY 2026-27
<b>Net Cost (Savings)</b>				
General Fund	\$0	\$139,500	\$0	\$1,150,000
<b>Appropriations/Allocations</b>				
General Fund	\$0	\$139,500	\$0	\$1,150,000

#### State Mandates

Required Activity	Unit Affected	Local Cost
Requires municipalities to reprocess program applications for parcels of land in the Open Space program based on new eligibility criteria and program classifications.	Municipality	\$17,500

The required local activities in this bill may represent a state mandate pursuant to the Constitution of Maine. If the bill does require a local unit of government to expand or modify its activities so as to necessitate additional expenditures from local revenue, the state mandate provisions of the Constitution of Maine require either: (1) General Fund appropriations be provided to fund at least 90% of any additional necessitated local costs of the mandate; or (2) a Mandate Preamble be added to the bill and two-thirds of the members of each House vote to exempt the mandate from the funding requirement. If the bill does represent a state mandate and neither one of these actions occurs, the local units of government will not be required to implement the mandated activities.

#### Fiscal Detail and Notes

This bill makes changes to the Open Space property tax program and establishes a requirement for state reimbursement to municipalities for a portion of municipal property tax revenue loss associated with the program for tax years beginning on or after April 1, 2025. For certain municipalities, the state reimbursement amount may be less than the amount of revenue lost due to the changes to the Open Space program, resulting in a net reduction in municipal revenue. Ongoing General Fund appropriations to reimburse municipalities for revenue loss will be required beginning in fiscal year 2026-27.

The bill includes a one-time General Fund appropriation to the Department of Administrative and Financial Services, Bureau of Revenue Services of \$17,500 in fiscal year 2024-25 to reimburse municipalities for 100% of the state mandated costs associated with administering new eligibility criteria and program classifications to receive reductions in land valuation under the Open Space program. The bill also includes a one-time General Fund appropriation to the Bureau of \$122,000 in fiscal year 2024-25 for computer programming costs to implement changes to the program.

Any additional costs to the Department of Agriculture, Conservation and Forestry or the Department of Inland Fisheries and Wildlife from the provisions of this bill are expected to be minor and can be absorbed within existing budgeted resources.