

# MAINE STATE LEGISLATURE

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**LAWS**  
OF THE  
**STATE OF MAINE**

AS PASSED BY THE  
ONE HUNDRED AND ELEVENTH LEGISLATURE

**SECOND SPECIAL SESSION**

November 18, 1983

AND AT THE

**SECOND REGULAR SESSION**

January 4, 1984 to April 25, 1984

AND AT THE

**THIRD SPECIAL SESSION**

September 4, 1984 to September 11, 1984

PUBLISHED BY THE DIRECTOR OF LEGISLATIVE RESEARCH  
IN ACCORDANCE WITH MAINE REVISED STATUTES  
ANNOTATED, TITLE 3, SECTION 164, SUBSECTION 6.

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J.S. McCarthy Co., Inc.  
Augusta, Maine  
1986

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**PUBLIC LAWS**  
OF THE  
**STATE OF MAINE**

AS PASSED AT THE  
SECOND REGULAR SESSION  
of the  
ONE HUNDRED AND ELEVENTH LEGISLATURE  
JANUARY 4, 1984 TO APRIL 25, 1984

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Provides funds to  
implement the purposes  
of this Act.

<u>LEGISLATURE TOTAL</u>	\$283,000
<u>TOTAL PART E</u>	\$477,245

Effective July 25, 1984, unless otherwise indicated.

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## CHAPTER 854

H.P. 1869 - L.D. 2471

AN ACT to Equalize Taxation of Aircraft.

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

36 MRSA §1760, sub-§46 is enacted to read:

46. Scheduled airlines. The sale or lease of an aircraft, or replacement or repair parts thereof, used by a scheduled airline, based in this State, and which is regularly used in the performance of service under the Regulations of the Civil Aeronautics Board, Part 298. This subsection is repealed on July 1, 1985.

Effective July 25, 1984.

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## CHAPTER 855

H.P. 1872 - L.D. 2474

AN ACT to Provide for Greater Equity in  
Maine's Tax Structure.

**Emergency preamble.** Whereas, Acts of the Legislature do not become effective until 90 days after adjournment unless enacted as emergencies; and

Whereas, several studies mandated by the First Regular Session of the 111th Legislature have brought to light several situations in the current Maine tax structure which are causing serious problems for the people and businesses of this State; and

Whereas, changes in the tax structure are necessary to alleviate these problems; and

Whereas, these changes must become effective by the beginning of the next fiscal year, in order to provide the greatest relief; and

Whereas, in the judgment of the Legislature, these facts create an emergency within the meaning of the Constitution of Maine and require the following legislation as immediately necessary for the preservation of the public peace, health and safety; now, therefore,

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

Sec. 1. 12 MRSA §9205-A, as enacted by PL 1983, c. 556, §12, is repealed and the following enacted in its place:

§9205-A. Payment of costs in the unorganized territory

Responsibility for the control of forest fires in the unorganized territory lies with the State. The unorganized territory shall reimburse the State for 1/2 of the costs of controlling and extinguishing forest fires up to 1/2 of 1% of the state valuation of the unorganized territory. The State may not require reimbursement for costs of services in the unorganized territory unless a municipality would be required to pay for the service under sections 9204 and 9205.

Sec. 2. 30 MRSA §5055, sub-§5, as repealed and replaced by PL 1981, c. 522, §§1 and 2, is amended to read:

5. Treasurer of State. An amount equal to 4% 4.75% of the receipts from the taxes imposed under Title 36, Parts 3 and 8, and credited to the General Fund, plus an amount equal to \$237,000 of the receipts from the tax imposed under Title 36, Part 3, shall be transferred by the Treasurer of State to the Local Government Fund on the first day of each month, beginning July 1, 1983.

Beginning July 1, 1985, an amount equal to 5.1% of the receipts under Title 36, Parts 3 and 8, and credited to the General Fund, plus an amount equal to \$237,000 of the receipts from the tax imposed under Title 36, Part 3, shall be transferred by the Trea-

surer of State to the Local Government Fund on the first day of each month.

The Treasurer of State shall distribute the balance in the Local Government Fund on the 20th day of each month, beginning July 20, 1983.

Sec. 3. 36 MRSA §507 is enacted to read:

§507. Taxpayer information

Beginning January 1, 1985, when a municipality issues a property tax bill to each taxpayer, each bill shall contain a statement or calculation that demonstrates the amount by which the taxpayer's tax has been reduced by the distribution of state-municipal revenue sharing and state aid for education. The State Tax Assessor shall annually provide each municipality with the amount of state-municipal revenue sharing and state aid for education subject to identification under this section.

Sec. 4. 36 MRSA §841-B, as amended by PL 1983, c. 556, §17, is further amended to read:

§841-B. Land Classification Appeals Board; purpose, composition

The Land Classification Appeals Board is established to hear appeals from decisions of municipal tax assessors, chief assessors and the State Tax Assessor acting as assessor of the unorganized territory relating to the Maine Tree Growth Tax Law, and the Farm and Open Space Tax Law ~~or the Forest Fire Suppression Tax Law~~. The board shall be composed of 4 voting members: The Commissioner of Conservation or his designee; the Commissioner of Agriculture, Food and Rural Resources or his designee; the person who, pursuant to section 584, is currently serving on the Forest Land Valuation Advisory Council as the landowner member; and the person who, pursuant to section 584, is currently serving on the Forest Land Valuation Advisory Council as the municipal officer. The Commissioner of Finance and Administration or his designee shall serve in an advisory capacity as a nonvoting member and as chairman of the board. In the case of a tie vote, the Commissioner of Finance and Administration or his designee shall vote to break the tie. The landowner member and the municipal officer shall be compensated by the Bureau of Taxation at \$25 per day plus actual expenses. All other members shall be compensated by the agency they represent for actual expenses incurred in the performance of their duties under this section.

Sec. 5. 36 MRSA §841-C, 2nd ¶, as amended by PL 1983, c. 556, §18, is further amended to read:

On receipt of an application for review by the Land Classification Appeals Board, the chairman shall designate a time and place for hearing and make such other arrangements for the hearing as may be necessary. The board may summons witnesses, administer oaths, order the production of books, records, papers, instruments and any additional evidence it deems necessary in order to make a decision. The board may affirm, reject or amend determinations of assessors, chief assessors and the State Tax Assessor, made pursuant to the Maine Tree Growth Tax Law, and the Farm and Open Space Tax Law ~~or the Forest Fire Suppression Tax Law~~. The board may order a refund in whole or in part of any taxes, costs, penalties or interest thereon which have been erroneously or unjustly paid. If the board fails to give written notice of its decision within 90 days of the filing of such an appeal, the appeal shall be deemed to be denied and the applicant may appeal further as provided, unless the applicant consents in writing to further delay.

Sec. 6. 36 MRSA §1760, sub-§10 is repealed.

Sec. 7. 36 MRSA §1760, §§46 and 47 are enacted to read:

46. Community action agencies. Sales to community action agencies designated in accordance with Title 5, section 3519.

47. Emergency shelter and feeding organizations. Sales of household and sanitary supplies to incorporated nonprofit organizations which provide free temporary emergency shelter or food for underprivileged individuals in this State.

Sec. 8. 36 MRSA §2711, sub-§1, as enacted by PL 1983, c. 556, §21, is repealed and the following enacted in its place:

1. Annual tax. An excise tax is assessed against persons owning protected land. Ownership and number of acres owned shall be determined as of April 1st of each year. "Protected land" means forest land and other undeveloped land such as blueberry barrens, swamps, bogs, undeveloped pastureland or brushland. It does not include federal, municipal or state-owned land.

Sec. 9. 36 MRSA §2711, sub-§1-A is enacted to read:

1-A. Exemption. Each person owning protected land shall be entitled to an exemption of 500 acres of protected land with regard to each municipality or the unorganized territory where protected land is owned.

Sec. 10. 36 MRSA §2711, sub-§2, as enacted by PL 1983, c. 556, §21, is repealed and the following enacted in its place:

2. Computation of the tax. The tax shall be computed as follows.

A. By December 1st, annually, the Commissioner of Conservation shall provide the State Tax Assessor with the total projected costs of forest fire protection for the next fiscal year and the projected amount of any receipts of funds as a result of forest fire protection activities, including federal funds, receipts from municipalities and the unorganized territory pursuant to Title 12, sections 9204, 9205 and 9205-A and receipts from sales of vehicles, land and equipment. By January 5th, annually, the Governor shall submit a bill to the Legislature stating the total projected costs of forest fire protection, less other sources of funding, for the next fiscal year. By May 1st, annually, the Legislature shall determine the total projected costs of forest fire protection, less other sources of funding, for the next fiscal year. For fiscal year 1984-85, the amount is \$5,115,000.

B. By September 1st, annually, the State Tax Assessor shall add the amount appropriated by the Legislature for administration of the forest fire suppression tax to the amount determined under paragraph A and divide the total in half. The resulting amount shall be divided by the number of acres subject to the excise tax, as determined under section 2712, and rounded to the nearest 1/10th of a cent to determine the amount of the tax per acre. The cents per acre tax shall be multiplied by the number of protected nonexempt acres owned by each person to determine the amount of the excise tax to be assessed against each owner.

C. If the amount calculated under this subsection is less than \$5, the tax assessed shall be \$5.



Sec. 11. 36 MRSA §2712, as amended by PL 1983, c. 586, is repealed and the following enacted in its place:

§2712. Identification of persons subject to tax

The State Tax Assessor shall, annually, update the list of persons subject to the tax imposed under this chapter, and may require assistance from local assessors in identifying any changes in ownership or number of acres owned from the preceding year.

Sec. 12. 36 MRSA §2713, sub-§1, as enacted by PL 1983, c. 556, §21, is repealed and the following enacted in its place:

1. Assessment. By October 15th, annually, the State Tax Assessor shall notify each owner, subject to the tax imposed under this chapter, of the total amount of tax due for the year. The tax shall be due December 1st, annually.

Sec. 13. 36 MRSA §2715, as enacted by PL 1983, c. 556, §21, is repealed.

Sec. 14. 36 MRSA §5102, sub-§11, as amended by PL 1983, c. 590, §1, is further amended to read:

11. Other terms. Any other term used in this Part has the same meaning as when used in a comparable context in the laws of the United States relating to federal income taxes, unless a different meaning is clearly required. Any reference in this Part to the laws of the United States shall be construed as a reference to the provisions of the United States Internal Revenue Code of 1954, and amendments thereto and other provisions of the laws of the United States relating to federal income taxes as of ~~December 31, 1980~~ January 31, 1983. This subsection shall be effective as to items of income, deductions, loss or gain accruing in taxable years ending on or after January 1, ~~1980~~ 1984, but only to the extent that those items have been earned, received, incurred or accrued on or after that effective date. Notwithstanding other provisions of this subsection, for taxable years ending in 1981 and 1982, any reference in this Part to the laws of the United States shall be construed as a reference to the provisions of the United States Internal Revenue Code of 1954, and amendments thereto and other provisions of the laws of the United States relating to federal income taxes as of December 31, 1981 for items of income, deductions, loss or gain earned, incurred or accrued within those taxable years. Notwithstanding other provi-

sions of this subsection, for taxable years ending in 1983, any reference in this Part to the laws of the United States shall be construed as a reference to the provisions of the United States Internal Revenue Code of 1954, and amendments thereto and other provisions of the laws of the United States relating to federal income taxes as of January 31, 1983 for items of income, deductions, loss or gain earned, incurred or accrued within those taxable years.

Sec. 15. 36 MRSA §5122, sub-§1, ¶¶D and E, as enacted by PL 1981, c. 706, §35, are amended to read:

D. The amount of any net operating loss in the taxable year which has been carried back to previous years pursuant to the United States Internal Revenue Code, Section 172; and

E. The amount of any deduction claimed for the taxable year under the United States Internal Revenue Code, Section 172 which has previously been used to offset the modifications provided by this subsection; and

Sec. 16. 36 MRSA §5122, sub-§1, ¶F is enacted to read:

F. For a taxable year ending in 1984, the sum of the following portions of the deductions allowed for that taxable year to the taxpayer under the United States Internal Revenue Code, Section 168:

(1) 2.5% of the deductions for 3-year property;

(2) 7.5% of the deductions for 5-year property;

(3) 12.5% of the deductions for 10-year property; and

(4) 20% of the deductions for 15-year property.

Sec. 17. 36 MRSA §5122, sub-§2, as amended by PL 1983, c. 519, §25, is further amended to read:

2. Subtractions. For tax years beginning on or after January 1, 1977, federal adjusted gross income shall be reduced by:

A. Interest or dividends on obligations of the United States and its territories and possessions or of any authority, commission or instrumentali-

ty of the United States or on a seller-sponsored loan, as defined by Title 10, section 974, subsection 16 to the extent includible in gross income for federal income tax purposes but exempt from state income taxes under the laws of the United States, provided that the amount subtracted shall be decreased by any expenses incurred in the production of the interest or dividend income to the extent that these expenses, including amortizable bond premiums, are deductible in determining federal adjusted gross income; and

B. An amount equal to the taxpayer's federal new jobs credit as determined under the laws of the United States; and

C. For each of the taxable years ending in 1985 through 1987, 1/3 of the amount by which federal adjusted gross income was increased for the taxable year ending in 1984 under subsection 1, paragraph F.

Sec. 18. 36 MRSA §5200-A, sub-§1, ¶D, as enacted by PL 1981, c. 704, §4, is amended to read:

D. For a taxable year ending in 1982, Subchapter S corporations excepted, the amount of deductions allowed for that taxable year to the taxpayer as the nominal lessor in a safe harbor lease pursuant to the United States Internal Revenue Code, Section 168(f)(8), plus 18% of the remaining deductions allowed for that taxable year under the United States Internal Revenue Code, Sections 167 and 168; and

Sec. 19. 36 MRSA §5200-A, sub-§1, ¶F, as enacted by PL 1983, c. 590, §2, is amended to read:

F. For a taxable year ending in 1983, the sum of the following portions of the deductions allowed for that taxable year to the taxpayer under the United States Internal Revenue Code, Section 168:

- (1) 5% of the deductions for 3-year property;
- (2) 15% of the deductions for 5-year property;
- (3) 25% of the deductions for 10-year property; and
- (4) 40% of the deductions for 15-year property; and

Sec. 20. 36 MRSA §5200-A, sub-§1, ¶G is enacted to read:

G. For a taxable year ending in 1984, the sum of the following portions of the deductions allowed for that taxable year to the taxpayer under the United States Internal Revenue Code, Section 168:

(1) 2.5% of the deductions for 3-year property;

(2) 7.5% of the deductions for 5-year property;

(3) 12.5% of the deductions for 10-year property; and

(4) 20% of the deductions for 15-year property.

Sec. 21. 36 MRSA §5200-A, sub-§2, ¶¶C and D, as enacted by PL 1981, c. 704, §4, are amended to read:

C. An amount equal to the taxpayer's new jobs credit as determined under the laws of the United States; and

D. For each of the taxable years ending in 1983 through 1985, Subchapter S corporations excepted, 6% of the deductions allowed under the United States Internal Revenue Code, Sections 167 and 168 for the taxable year 1982, excluding the amount of deduction allowed for that taxable year to the nominal lessor in a safe harbor lease pursuant to the United States Internal Revenue Code, Section 168(f)(8); and

Sec. 22. 36 MRSA §5200-A, sub-§2, ¶E is enacted to read:

E. For each of the taxable years ending in 1985 through 1987, 1/3 of the amount by which taxable income was increased for the taxable year ending in 1984 under subsection 1, paragraph G.

Sec. 23. 36 MRSA §5206, sub-§3, ¶¶C and D, as enacted by PL 1983, c. 590, §3, are amended to read:

C. Increased, for taxable year ending in 1982, by the amount of deductions allowed for that tax year to the taxpayer as nominal lessor in a safe harbor lease pursuant to the United States Internal Revenue Code, Section 168(f)(8) plus 18% of

the remaining deductions allowed for that year under the United States Internal Revenue Code, Sections 167 and 168; and

D. Increased, for taxable years ending in 1983, by the sum of the following portions of the deductions allowed for that taxable year to the taxpayer under the United States Internal Revenue Code, Section 168:

- (1) 5% of the deductions for 3-year property;
- (2) 15% of the deductions for 5-year property;
- (3) 25% of the deductions for 10-year property; and
- (4) 40% of the deductions for 15-year property;

Sec. 24. 36 MRSA §5206, sub-§3, ¶¶E and F are enacted to read:

E. Increased, for taxable years ending in 1984, by the sum of the following portions of the deductions allowed for that taxable year to the taxpayer under the United States Internal Revenue Code, Section 168:

- (1) 2.5% of the deductions for 3-year property;
- (2) 7.5% of the deductions for 5-year property;
- (3) 12.5% of the deductions for 10-year property; and
- (4) 20% of the deductions for 15-year property; and

F. Decreased, for each of the taxable years ending in 1985 through 1987, by 1/3 of the amount by which taxable income was increased for the taxable year ending in 1984 under paragraph E.

Sec. 25. Appropriation. The following funds are appropriated from the General Fund to carry out the purposes of this Act.

1984-85

FINANCE AND ADMINISTRATION,  
DEPARTMENT OF

Bureau of Taxation

All Other (\$5,000,000)

Deappropriates funds  
appropriated in 1983  
for circuit breaker  
property tax relief.

Bureau of Taxation

All Other 20,000

For fire suppression  
tax administration.

**Emergency clause.** In view of the emergency cited in the preamble, this Act shall take effect June 1, 1984, except that section 2 shall take effect July 30, 1984.

Effective June 1, 1984, unless otherwise indicated.

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## CHAPTER 856

H.P. 1855 - L.D. 2456

### AN ACT to Establish the Maine Job-start Program.

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

Sec. 1. 10 MRSA §1001, sub-§30, as enacted by PL 1983, c. 519, §7, is amended to read:

30. Small business, subchapters V and VI and VII "small business," as used in subchapters V and VI and VII, means any business or employee cooperative corporation subject to Title 13, chapter 85, subchapter III, employing 20 persons or less or with sales of \$2,500,000 or less.

Sec. 2. 10 MRSA §1002, sub-§1, ¶¶D and E, as enacted by PL 1983, c. 519, §7, are amended to read: