

MAINE STATE LEGISLATURE

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LAWS
OF THE
STATE OF MAINE

AS PASSED BY THE
ONE HUNDRED AND THIRTEENTH LEGISLATURE

FIRST SPECIAL SESSION

October 9, 1987 to October 10, 1987

SECOND SPECIAL SESSION

October 21, 1987 to November 20, 1987

and the

SECOND REGULAR SESSION

January 6, 1988 to May 5, 1988

PUBLISHED BY THE REVISOR OF STATUTES
IN ACCORDANCE WITH MAINE REVISED STATUTES ANNOTATED,
TITLE 3, SECTION 163-A, SUBSECTION 4.

Twin City Printery
Lewiston, Maine
1988

PUBLIC LAWS

OF THE

STATE OF MAINE

AS PASSED AT THE
FIRST AND SECOND SPECIAL SESSIONS
and
SECOND REGULAR SESSION
of the
ONE HUNDRED AND THIRTEENTH LEGISLATURE
1987

Sec. 5. Effective date. This Act shall take effect on July 1, 1989.

Effective July 1, 1989.

CHAPTER 851

H.P. 1756 — L.D. 2405

AN ACT to Enhance and Clarify the Role of the State Board of Education.

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

Sec. 1. 20-A MRSA §401, first ¶, as amended by PL 1983, c. 812, §101, is further amended to read:

The State Board of Education is established by Title 5, section 12004, subsection 8. The State Board of Education shall be an autonomous body and shall maintain an office in Augusta. The appointments, terms and expenses of the State Board of Education members shall be as follows.

Sec. 2. 20-A MRSA §401, sub-§2, as enacted by PL 1981, c. 693, §§5 and 8, is amended to read:

2. Composition. The membership of the state board shall be broadly representative of the public and the regions of the State. A person whose income is derived in substantial portion from income work as a teacher or as an administrator in an educational institution, other than as a college president, may not be eligible for appointment to or service on the state board. Members must have strong interest in and knowledge of education.

Sec. 3. 20-A MRSA §401, sub-§3, as repealed and replaced by PL 1983, c. 812, §102, is amended to read:

3. Expenses. Members of the state board shall be compensated according to the provisions of Title 5, chapter 379; a member shall receive compensation whenever that member fulfills any board duties in accordance with board bylaws.

Sec. 4. 20-A MRSA §401, sub-§4, as enacted by PL 1981, c. 693, §§5 and 8, is amended to read:

4. Term. The term of office of each member shall be 5 years. Any vacancy shall be filled for the remainder of the unexpired term. The state board shall promulgate rules in accordance with the Maine Administrative Procedure Act, Title 5, chapter 375, which establishes the procedure and criteria by which the state board may recommend to the Governor the removal of a member from office prior to completion of the term of appointment for failure to perform the duties of office.

Sec. 5. 20-A MRSA §401, sub-§5 is enacted to read:

5. Assistance. The department shall provide staff assistance to the state board in carrying out its functions.

Sec. 6. 20-A MRSA §404, sub-§1, as enacted by PL 1981, c. 693, §§5 and 8, is amended to read:

1. Records. The state board shall keep in the office of the commissioner a complete record of the minutes of its meetings and other procedures.

Sec. 7. 20-A MRSA §405, sub-§9 is enacted to read:

9. Contract for services. The state board may contract for any necessary consultative services or support staff.

Sec. 8. Appropriation. The following funds are appropriated from the General Fund to carry out the purposes of this Act.

	<u>1988-89</u>
<u>EDUCATION, STATE BOARD OF</u>	
State Board of Education	
Personal Services	\$21,500
All Other	66,500
Capital Expenditures	2,000
Provides funds for rent, contracting for legal services and other state board expenses.	
STATE BOARD OF EDUCATION	
TOTAL	<u>\$90,000</u>
<u>EDUCATIONAL AND CULTURAL SERVICES, DEPARTMENT OF</u>	
Administration — Education	
Personal Services	\$(21,500)
All Other	(68,500)
Deappropriates funds budgeted for the State Board of Education within the office of the Commissioner of Educational and Cultural Services.	
DEPARTMENT OF EDUCATIONAL AND CULTURAL SERVICES	
TOTAL	<u>\$(90,000)</u>

Effective August 4, 1988.

CHAPTER 852

H.P. 1591 — L.D. 2177

AN ACT to Amend the Maine Tree Growth Tax Law.

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

Sec. 1. 36 MRSA §578, sub-§1, as amended by PL 1981, c. 706, §7, is further amended to read:

1. Organized areas. The municipal assessors or chief assessor of a primary assessing area shall adjust the State Tax Assessor's 100% valuation per acre for each forest type of their county by whatever ratio, or percentage of current just value, is then being applied to other property within the municipality to obtain the assessed values. Forest land in the organized areas, subject to taxation under this subchapter, shall be taxed as the property tax rate applicable to other property in the municipality, which rate shall be applied to the assessed values so determined. ~~For any tax year in which a municipality has a situation where the aggregate tax assessed on lands classified under this subchapter is less than 90% of the aggregate tax assessed on the same lands in 1972, the municipality shall have a valid claim against the State to recover the taxes lost to the extent that such loss exceeds a 10% loss from 1972, upon proof of the facts in form satisfactory to the State Tax Assessor.~~

The State Tax Assessor is authorized to make provisional payment of up to 75% of any municipal claim found to be in satisfactory form. The payment shall be made within 90 days after receipt of a satisfactory claim and shall be presented for final settlement to the Legislature next convening.

In tax years beginning on or after January 1, 1978, April 1, 1988, the State Tax Assessor shall determine annually the amount of acreage in each municipality which is classified and taxed in accordance with this subchapter. A municipality actually levying and collecting municipal property taxes and within whose boundaries this acreage lies shall receive annual payments from moneys money so appropriated by the Legislature provided it submits an annual return in accordance with section 383; and it achieves the appropriate minimum assessment ratio described in section 327. For tax years beginning on or after April 1, 1987, the amount of reimbursement shall be 40% of the tax revenue lost as a result of this subchapter. For tax years beginning on or after April 1, 1988, the amount of reimbursement shall be 65% of the tax revenue lost as a result of this subchapter. For tax years beginning on or after April 1, 1989, the amount of reimbursement shall be 90% of the tax revenue lost as a result of this subchapter. For purposes of this section, the tax loss is the adjusted tax that would have been assessed, but for this subchapter, on the classified forest lands if they were assessed according to the undeveloped acreage valuations used in the state valuation then in effect, or according to the current local valuation on undeveloped acreage, whichever is less, minus the tax that was actually assessed on the same lands in accordance with this subchapter.

~~For the tax years beginning on or after January 1, 1978, a municipality's annual payment shall be the greater of either an amount computed as provided in the previous paragraph, or the product of multiplying the number of acres in the municipality which are classified and taxed in accordance with this subchapter by 15¢.~~

~~For those municipalities where the annual payment amount is determined by the product of multiplying the number of acres which are classified and taxed in accordance with this subchapter by 15¢ the Treasurer of State shall pay to the municipality by December 15th of that year the amount certified by the State Tax Assessor.~~

No municipality may receive a reimbursement payment under this section which would exceed an amount determined by calculating the tree growth tax loss less the municipal savings in educational costs attributable to reduced state valuation.

A. The tree growth tax loss is the adjusted tax that would have been assessed, but for this subchapter, on the classified forest lands if they were assessed according to the undeveloped acreage valuations used in the state valuation then in effect minus the tax that was actually assessed on the same lands in accordance with this subchapter.

In determining the adjusted tax that would have been assessed, the tax rate to be used is computed by adding the additional school support required by the modified state valuation attributable to the increased valuation of forest land to the original tax committed and dividing this sum by the modified total municipal valuation. The adjusted tax rate is then applied to the valuation of forest land based on the undeveloped acreage valuations, adjusted by the certified ratio, to determine the adjusted tax.

B. The municipal savings in educational costs is determined by multiplying the school subsidy index by the change in state valuation attributable to the use of the valuations determined in accordance with this subchapter on classified forest lands rather than their valuation using the undeveloped acreage valuations used in the state valuation then in effect.

Sec. 2. 36 MRSA §579, next to the last paragraph, as repealed and replaced by PL 1979, c. 666, §16, is amended to read:

If the owner or owners fail to report to the assessor a change of use as required by the foregoing paragraph, the assessor may collect such taxes as should have been paid, shall collect the penalty provided in section 581 and shall assess an additional penalty of 25% of the foregoing penalty amount. The assessor may waive the additional penalty for cause. For tax years beginning on or after April 1, 1987, 40% of the amount thus collected shall be sent to the State Tax Assessor within 7 days of collection. For tax years beginning on or after April 1, 1988, 65% of the amount thus collected shall be sent to the State Tax Assessor within 7 days of collection. For tax years beginning on or after April 1, 1989, 90% of the total amount thus collected shall be sent to the State Tax Assessor within 7 days of collection. The State Tax Assessor shall use these funds to reduce the amount of General Fund appropriations provided for Tree Growth Reimbursement.

Sec. 3. 36 MRSA §581, last paragraph, as enacted by PL 1981, c. 517, §12, is amended to read:

Any municipality which receives a penalty for the withdrawal of land from taxation under this chapter shall report to the State Tax Assessor annually the total amount received on the municipal valuation return form described in section 383. For tax years beginning on or after April 1, 1987, 40% of the amount thus collected shall be sent to the State Tax Assessor within 7 days of collection. For tax years beginning on or after April 1, 1988, 65% of the amount thus collected shall be sent to the State Tax Assessor within 7 days of collection. For tax years beginning on or after April 1, 1989, 90% of the total amount thus collected shall be sent to the State Tax Assessor within 7 days of collection. The State Tax Assessor shall use these funds to reduce the amount of General Fund appropriations provided for Tree Growth Reimbursement.

Sec. 4. **Appropriation.** The following funds are appropriated from the General Fund to carry out the purposes of this Act.

	1988-89
<u>FINANCE, DEPARTMENT OF</u>	
Bureau of Taxation	
Tree Growth Tax Reimbursement	
All Other	\$300,000
Effective August 4, 1988.	

CHAPTER 853

H.P. 1422 — L.D. 1933

AN ACT Relating to Geographic Isolation Grants.

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

Sec. 1. 20-A MRSA §15612, first ¶, as amended by PL 1985, c. 797, §60, is further amended to read:

Adjustments to the state share of the foundation allocation shall be made as allowed in subsections 1 to 4 for each school administrative unit that has raised the maximum regardless of the amount of raised for its local share of the foundation allocation for operating costs.

Sec. 2. **Effective date.** This Act shall take effect on July 1, 1989.

Effective July 1, 1989.

CHAPTER 854

H.P. 1730 — L.D. 2373

AN ACT Establishing the Maine Seed Capital Tax Credit Program.

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

Sec. 1. 10 MRSA c. 109, as amended, is repealed.

Sec. 2. 10 MRSA c. 110, sub-c. IX is enacted to read:

SUBCHAPTER IX

MAINE SEED CAPITAL TAX CREDIT PROGRAM

§1100-T. Tax credit certificates

1. **Legislative findings; authorization.** The Legislature finds that the growth of new small businesses in the State results in increased job opportunities for Maine residents, produces more spending in the State and increases municipal tax bases. Businesses which export their products or services out of the State bring capital into the State and help to develop export markets for Maine products. Small new businesses can provide significant economic benefits to the State provided that they can obtain sufficient seed equity financing to carry them from start-up through the initial development phases of a business. In order to encourage the increased availability of risk equity capital to these early-growth stage enterprises, the authority is authorized to issue certificates of eligibility for the seed capital investment tax credit permitted by Title 36, section 5216-B, subject to the requirements of this section. This program shall be known as the Maine Seed Capital Tax Credit Program.

2. **Eligibility for tax credit certificate.** The authority shall adopt rules in accordance with the Maine Administrative Procedure Act, Title 5, chapter 375, to implement the program. Without limitation, the requirements for eligibility for a tax credit certificate includes the following.

A. A tax credit certificate may be issued in an amount not more than 30% of the amount of cash actually invested in a Maine business in any calendar year.

B. The Maine business must provide a product or service which is sold or rendered, or is projected to be sold or rendered, predominantly outside of the State, as determined by the authority. Businesses which bring products into the State and then sell the same products outside the State are not eligible. Construction, transportation, financial services, insurance and real estate businesses are not eligible. Other service businesses are eligible provided that the customers are predominantly out of the State and the employment functions are carried out predominantly in the State.

C. Aggregate investment eligible for tax credits shall not be less than \$25,000 nor more than \$250,000 for any one business as of the date of issuance of a tax credit certificate.