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An Act Regarding the Calculation of Tree Growth Reimbursements to Municipalities

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

Whereas, the current formula for reimbursement to municipalities for property tax losses under the Maine Tree Growth Tax Law does not accurately reflect the impact on many municipalities; and

Whereas, this situation causes fiscal difficulties for many municipalities that need to be addressed as soon as possible; 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. 36 MRSA §578, sub-§1, as amended by PL 2005, c. 457, Pt. CCC, §1, 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 applied to other property within the municipality to obtain the assessed values. Forest land in the organized areas, subject to taxation under this subchapter, must be taxed at the property tax rate applicable to other property in the municipality.

The State Tax Assessor shall determine annually the amount of acreage in each municipality that is classified and taxed in accordance with this subchapter. Each such municipality is entitled to annual payments from money appropriated by the Legislature if it submits an annual return in accordance with section 383 and if it achieves the appropriate minimum assessment ratio described in section 327. The State Tax Assessor shall pay any municipal claim found to be in satisfactory form by August 1st of the year following the submission of the annual return. The per acre reimbursement is 90% of the per acre tax revenue lost as a result of this subchapter. For purposes of this section, the tax lost is the 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. A municipality that fails to achieve the minimum assessment ratio established in section 327 loses 10% of the reimbursement provided by this section for each one percentage point the minimum assessment ratio falls below the ratio established in section 327.

~~No municipality may receive a reimbursement payment under this section that 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.~~

Emergency clause. In view of the emergency cited in the preamble, this legislation takes effect when approved.

SUMMARY

This bill changes the formula for calculation of state reimbursement to municipalities for lost revenue under the Maine Tree Growth Tax Law by deleting the adjustment for additional general purpose aid for local schools resulting from the reduced state valuation due to tree growth valuations.