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An Act To Amend the Penalty for Withdrawal of Land from the Maine Tree Growth Tax Law Program

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

Sec. 1. 36 MRSA §581, sub-§3, as repealed and replaced by PL 2007, c. 627, §16, is amended to read:

3. Penalty. If land is withdrawn from taxation under this subchapter, the assessor shall impose a penalty upon the owner. The Subject to the limitation in subsection 3-A, the penalty is the greater of:

A. An amount equal to the taxes that would have been assessed 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. That amount must be reduced by 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 less 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 that percentage obtained by subtracting 1% from 30% 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%.

For purposes of this subsection, just value at the time of withdrawal is the assessed just value of comparable property in the municipality adjusted by the municipality's certified assessment ratio.

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

3-A. Limitation on penalty. The penalty imposed under subsection 3 may not exceed the amount of actual taxes that would have been due on the land had the land not been subject to taxation under this subchapter, plus any applicable interest on that amount.

SUMMARY

This bill specifies that the penalty imposed on land that is withdrawn from taxation under the Maine Tree Growth Tax Law may not exceed the amount of actual taxes that would have been due on the land had it not been taxed under the Maine Tree Growth Tax Law, plus any applicable interest.