



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 " "

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 |
|-----------------------------------|------------|------------|---------------------------|---------------------------|
| Net Cost (Savings) | | | | |
| General Fund | \$0 | \$139,500 | \$0 | \$1,150,000 |
| Appropriations/Allocations | | | | |
| 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.