An Act to Amend the Maine Tree Growth Tax Law to Encourage Housing Construction

Reference to the Joint Select Committee on Housing suggested and ordered printed.

Presented by Representative DUCHARME of Madison.
Be it enacted by the People of the State of Maine as follows:

Sec. 1. 36 MRSA §581, sub-§3, as amended by PL 2021, c. 630, Pt. C, §5, is further amended to read:

3. Penalty. If land is withdrawn from taxation under this subchapter, the assessor shall impose a penalty upon the owner. The penalty is the greater of:

A. An amount equal to the taxes that would have been assessed on the land 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 less 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 fewer 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 30% reduced by one percentage point 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 and subsection 3-A, 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. Penalty: use of land for single-family housing construction. If land is withdrawn from taxation under this subchapter and a portion of the land will be used for construction of single-family residential housing and the conditions required for building construction are met within 2 years of withdrawal, the assessor shall impose a penalty upon the owner that is the lesser of the amounts calculated under subsection 3, paragraphs A and B. If single-family residential housing on the land is not completed within 2 years of withdrawal or the conditions required for building construction are not met, the penalty must be calculated under subsection 3 and a supplemental penalty may be assessed.

SUMMARY

This bill reduces the penalty for withdrawal of land from classification under the Maine Tree Growth Tax Law if the land is used for the construction of single-family residential housing and the conditions required for building construction are met within 2 years of withdrawal.