TAXATION

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STATE OF MAINE

HOUSE OF REPRESENTATIVES

131ST LEGISLATURE

FIRST SPECIAL SESSION

COMMITTEE AMENDMENT “ ” to H.P. 215, L.D. 341, “An Act to Amend the Maine Tree Growth Tax Law to Encourage Housing Construction”

Amend the bill by striking out everything after the enacting clause and inserting the following:

'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 If Except as provided in subsections 3-A and 3-B, if land is withdrawn from taxation under this subchapter, the assessor shall impose a penalty upon the owner.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 subsections 3-A and 3-B, 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 If land is withdrawn from taxation under this subchapter and a portion of the land will be used for construction of single-family residential housing and the conditions required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 described in subsection 3-B are met within 2 years of withdrawal, the assessor shall impose a penalty upon the owner that is equal to the amount calculated under subsection 3, paragraph A. Withdrawal of land is subject to the penalty provided under subsection 3, paragraph A only if the amount of land withdrawn annually is equal to or less than the minimum lot size for the construction of one single-family residence within the jurisdiction where the land is located. If construction of single-family residential housing is not completed within 2 years of withdrawal or the conditions required for building construction are not met, the penalty must be recalculated under subsection 3, paragraphs A and B and a supplemental penalty must be assessed for the amount in excess of the penalty originally assessed. Any supplemental penalty resulting from failure to complete construction within 2 years of withdrawal must be assessed to the person that purchased the parcel.

This subsection is repealed January 1, 2029.

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

3-B. Conditions; use of land for single-family construction. In order to qualify for the original penalty provided under subsection 3-A, the following conditions must be met.

A. The land withdrawn must be eligible for taxation under this subchapter on July 1, 2023.

B. No more than one parcel may be withdrawn annually.

C. The size of the parcel is limited to the minimum lot size allowed by the governing jurisdiction for the intended purpose of single-family residential housing construction in the applicable location.

D. The housing constructed on the land must be intended to be occupied as a residence and be deemed habitable by the code enforcement official for the applicable location within 2 years after withdrawal.

This subsection is repealed January 1, 2029.

Sec. 4. Appropriations and allocations. The following appropriations and allocations are made.

**ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF**

Revenue Services, Bureau of 0002

Initiative: Provides funding to establish 2 Revenue Agent positions effective October 1, 2023 to implement changes to the Maine Tree Growth Tax Law.

<table>
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<th>GENERAL FUND</th>
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**COMMITTEE AMENDMENT**
Amend the bill by relettering or renumbering any nonconsecutive Part letter or section number to read consecutively.

### SUMMARY

This amendment ensures that at least the minimum withdrawal penalty allowed by the Constitution of Maine is assessed for the withdrawal of land from Maine Tree Growth Tax Law assessment for the purposes of single-family residential housing construction as provided by the bill. It also establishes conditions that the land must meet in order to qualify for the constitutional minimum penalty. If the conditions are not met within 2 years after withdrawal, a supplemental assessment must be made to ensure that the usual full withdrawal penalty is assessed. These provisions are repealed January 1, 2029.

### FISCAL NOTE REQUIRED

(See attached)