

MAINE STATE LEGISLATURE

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1 (Governor's Bill)
2 FOURTH SPECIAL SESSION
3

4 ONE HUNDRED AND TENTH LEGISLATURE
5

6 **Legislative Document** **No. 2149**
7 H. P. 2406 House of Representatives, April 28, 1982
8 Filed pursuant to Joint Order H. P. 2398
Reported by Representative Post from the Committee on Taxation
and printed under Joint Rules No. 2
EDWIN H. PERT, Clerk

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11 STATE OF MAINE
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13 IN THE YEAR OF OUR LORD
14 NINETEEN HUNDRED AND EIGHTY-TWO
15

16 AN ACT Providing for Administrative Changes
17 in the Maine Tax Laws.
18

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

20 **Sec. 1.** 9-B MRSA §161, sub-§2, ¶H is enacted to read:

21 H. The making of reports to the State Tax Assessor re-
22 quired under Title 36, section 3851 and the examination
23 of the financial records authorized by Title 36,
24 section 112.

25 **Sec. 2.** 36 MRSA c. 2, as enacted by PL 1981, c. 312,
26 is repealed.

27 **Sec. 3.** 36 MRSA §186, 4th sentence, as enacted by PL
28 1981, c. 180, §1, is repealed as follows:

29 The interest rate so determined shall also be the interest
30 rate for the state's payment of interest on overpayments.

1 **Sec. 4. 36 MRSA §186**, as last amended by PL 1981, c.
2 364, §14, is further amended by adding at the end a new
3 paragraph to read:

4 Except as otherwise provided in this Title, interest,
5 at the rate determined by the State Tax Assessor for under-
6 payments pursuant to this section, shall be paid from the
7 date of overpayment upon any overpayment of tax, interest or
8 penalty.

9 **Sec. 5. 36 MRSA §576-B**, first paragraph, 2nd sentence,
10 as amended by PL 1977, c. 694, §680, is repealed.

11 **Sec. 6. 36 MRSA §576-B**, first paragraph, 3rd sentence,
12 as enacted by PL 1977, c. 549, §5, is repealed.

13 **Sec. 7. 36 MRSA §578**, sub-§1, 6th paragraph, as
14 enacted by PL 1981, c. 517, §11, is repealed and the follow-
15 ing enacted in its place:

16 No municipality may receive a reimbursement payment under
17 this section which would exceed an amount determined by cal-
18 culating the tree growth tax loss less the municipal savings
19 in educational costs attributable to reduced state valua-
20 tion.

21 A. The tree growth tax loss is the adjusted tax that
22 would have been assessed, but for this subchapter, on
23 the classified forest lands if they were assessed ac-
24 ording to the undeveloped acreage valuations used in
25 the state valuation then in effect minus the tax that
26 was actually assessed on the same lands in accordance
27 with this subchapter.

28 In determining the adjusted tax that would have been
29 assessed, the tax rate to be used is computed by adding
30 the additional school support required by the modified
31 state valuation attributable to the increased valuation
32 of forest land to the original tax committed and divid-
33 ing this sum by the modified total municipal valuation.
34 The adjusted tax rate is then applied to the valuation
35 of forest land based on the undeveloped acreage valua-
36 tions, adjusted by the certified ratio, to determine
37 the adjusted tax.

38 B. The municipal savings in educational costs is
39 determined by multiplying the school subsidy index by
40 the change in state valuation attributable to the use
41 of the valuations determined in accordance with this
42 subchapter on classified forest lands rather than their

1 valuation using the undeveloped acreage valuations used
2 in the state valuation then in effect.

3 Sec. 8. 36 MRSA §578, sub-§2, as amended by PL 1973,
4 c. 308, §8, is further amended to read:

5 2. Unorganized territory. The State Tax Assessor
6 shall adjust the 100% valuation per acre for each type for
7 each county by such ratio or percentage as is then being
8 used to determine the state valuation applicable to other
9 property in the unorganized territory to obtain the assessed
10 values. Commencing April 1, 1973, forest land in the
11 unorganized territory subject to taxation under this sub-
12 chapter shall be taxed at the state same property tax rate
13 ~~provided in section 451,~~ as is applicable to other property
14 in the unorganized territory, which rate shall be applied to
15 the assessed values so determined. ~~If the April 1, 1973~~
16 ~~total assessed valuation of forest lands under this subchap-~~
17 ~~ter for the entire unorganized territory is more than 10%~~
18 ~~less than the April 1, 1972 total assessed valuation of such~~
19 ~~forest lands for the entire unorganized territory,~~ the State
20 Tax Assessor shall adjust the April 1, 1973 assessed values
21 of such forest lands proportionately back to a 10% aggregate
22 change. Upon collection by the State Tax Assessor, such
23 taxes shall be deposited in the General Fund Unorganized
24 Territory Education and Services Fund in accordance with
25 section 342 1605. ~~The assessed values so determined shall~~
26 ~~be used in the 1973 State Valuation of the Unorganized Ter-~~
27 ~~ritory.~~

28 Sec. 9. 36 MRSA §579, first sentence, as repealed and
29 replaced by PL 1979, c. 666, §16, is amended to read:

30 The owner or owners of forest land subject to valuation
31 under this subchapter shall submit a signed schedule in
32 duplicate, on or before April 1st of the year in which that
33 land first becomes subject to valuation under this subchap-
34 ter, to the assessor upon a form to be prescribed by the
35 State Tax Assessor, identifying the land to be valued here-
36 under, listing the number of acres of each forest type,
37 showing the location of each forest type and representing
38 that the land is used primarily for the growth of trees and
39 forest products to be harvested for commercial use.

40 Sec. 10. 36 MRSA §707, sub-§1 is repealed.

41 Sec. 11. 36 MRSA §892, first sentence, as amended by
42 PL 1977, c. 27, §7, is further amended to read:

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STATEMENT OF FACT

Section 1 provides that the making of reports to the State Tax Assessor by financial institutions as required by Title 36, section 3851 is permitted in Title 9-B, and that the State Tax Assessor is permitted to examine financial records under his general powers set forth in Title 36, section 112.

Sections 2 and 32 relocate, to the special taxes portion of the tax laws, the requirement that certain industry taxes be imposed only upon referendum approval by the industry involved.

Sections 3 and 4 extend the payment of interest on overpaid taxes to all taxes imposed by Title 36.

Sections 5 and 6 remove language requiring the State Tax Assessor to determine the discount factor since the Legislature now establishes the discount factor annually.

Section 7 clarifies the procedure used to limit reimbursements under the tree growth tax law. Reimbursements cannot exceed an amount determined by calculating the tree growth tax loss less the municipal savings in educational costs attributable to reduced state valuation.

Section 8 deletes the obsolete language and conforms the sections to the repeal of the uniform property tax and enactment of the unorganized territory educational services tax.

Section 9 conforms the section to the definition of "forest land" to Title 36, section 573.

Section 10 repeals an obsolete provision.

Sections 11 and 12 conform interest rates to the standard interest rate provided by section 186.

Sections 13 and 14 provide for continuous accrual of interest on unpaid property taxes.

Section 15 provides for an annual, rather than a biennial, report to the Legislature regarding disposal of tax delinquent properties.

Section 16 repeals obsolete references to the Treasurer of State.

1 Section 17 conforms the time period for supplemental
2 assessment of unorganized territory property tax to the time
3 period used for organized municipalities.

4 Section 18 includes "camper trailer" in definition of
5 "vehicle" for excise tax purposes.

6 Section 19 repeals an obsolete definition.

7 Section 20 removes superfluous language which clouds
8 the distinction between "sale" and "retail sale" in the
9 sales tax law.

10 Section 21 clarifies the intention of the Legislature
11 in enacting the exemption for rural community health centers
12 enacted in the First Regular Session of the 110th Legis-
13 lature.

14 Section 22 clarifies the provision allowing a sales tax
15 credit for worthless accounts by specifically providing that
16 the credit must be taken within 3 years of the charge-off.
17 Title 36, sections 1954 and 1955 have been repealed.

18 Sections 23 and 24 repeal provisions made unnecessary
19 by uniform administrative provisions.

20 Section 25 corrects an oversight in Public Law 1981,
21 chapter 514 by including return and payment provisions for
22 the tax on certain workers' compensation premiums.

23 Sections 26, 27 and 28 repeal provisions made unnec-
24 essary by uniform administrative provisions.

25 Section 29 repeals an unnecessary provision.

26 Sections 30 and 31 repeal provisions made unnecessary
27 by uniform administrative provisions.

28 Sections 33, 34 and 35 clarify the statutory procedure
29 for the treatment of negative federal adjusted gross income,
30 or taxable income for corporations, carrybacks and
31 carryovers. They essentially reaffirm current state proce-
32 dures and insure that a deduction taken in a loss year can-
33 not be carried forward. The State of Illinois is involved
34 in litigation which has illustrated the need for clear law
35 in this area.

36 Section 36 clarifies the definition of "wood furnace"
37 for the purposes of an energy credit.

1 Sections 37 and 38 provide for the taxation of nonresi-
2 dent stockholders of a Subchapter S corporation operating in
3 Maine. Currently, the corporation is not subject to Maine
4 income tax, and the stockholder, who reports his distribu-
5 tive share of the income of the corporation as his own
6 income for federal purposes, is not subject to Maine income
7 tax on the income of the corporation, whether or not dis-
8 tributed to him. This appears to be an oversight in the
9 law.

10 Section 39 removes an unnecessary reference to an
11 effective date and states the corporate tax rate in clearer
12 fashion.

13 Section 40 repeals the obsolete Homestead Tax Relief
14 Act.

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