

MAINE STATE LEGISLATURE

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(EMERGENCY)
THIRD SPECIAL SESSION

ONE HUNDRED AND THIRTEENTH LEGISLATURE

Legislative Document

NO. 2686

H.P. 1983 House of Representatives, September 13, 1988
Received by the Clerk of the House on September 12,
1988. Referred to the Committee on Taxation and ordered
printed pursuant to Joint Rule 14.

EDWIN H. PERT, Clerk
Presented by Representative CASHMAN of Old Town.

Cosponsored by Representative JACKSON of Harrison,
Senators TWITCHELL of Oxford and SEWALL of Lincoln.

STATE OF MAINE

IN THE YEAR OF OUR LORD
NINETEEN HUNDRED AND EIGHTY-EIGHT

1 AN ACT to Return Surplus Revenues to the
2 Taxpayers of Maine.
3

4 Emergency preamble. Whereas, Acts of the
5 Legislature do not become effective until 90 days
6 after adjournment unless enacted as emergencies; and

7 Whereas, it is the intent of the Legislature and
8 the Governor to return \$60,000,000 in excess revenue
9 collections to the people of the State of Maine as
10 soon as possible; and

1 Whereas, it is necessary that the State Tax
2 Assessor take certain action pursuant to this
3 legislation prior to the expiration of the 90-day
4 period; and

5 Whereas, in the judgment of the Legislature, these
6 facts create an emergency within the meaning of the
7 Constitution of Maine and require the following
8 legislation as immediately necessary for the
9 preservation of the public peace, health and safety;
10 now, therefore,

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

13 Sec. 1. 4 MRSA §118, as enacted by PL 1975, c.
14 383, §4, is repealed.

15 Sec. 2. 5 MRSA §1515 is enacted to read:

16 §1515. Corporate Income Tax Investment Credit Fund

17 1. Corporate Income Tax Investment Credit Fund.
18 There is established a Corporate Income Tax Investment
19 Credit Fund for the purpose of reserving the money
20 appropriated to it awaiting transfer to fund a
21 one-time tax credit for corporate investments in new,
22 used or leased tangible personal property which is
23 placed in service in Maine during the 1989 calendar
24 year and is directly related to the production of
25 goods and services.

26 2. Enactment of credit. The joint standing
27 committee of the Legislature having jurisdiction over
28 taxation shall develop the specific provisions of the
29 tax credit. The committee shall report its findings
30 and any recommended legislation to the First Regular
31 Session of the 114th Legislature. This program shall
32 be finalized by April 30, 1989.

33 Sec. 3. 36 MRSA §578, sub-§1, as amended by PL
34 1987, c. 861, §40, is further amended to read:

35 1. Organized areas. The municipal assessors or

1 chief assessor of a primary assessing area shall
2 adjust the State Tax Assessor's 100% valuation per
3 acre for each forest type of their county by whatever
4 ratio, or percentage of current just value, is then
5 being applied to other property within the
6 municipality to obtain the assessed values. Forest
7 land in the organized areas, subject to taxation under
8 this subchapter, shall be taxed as the property tax
9 rate applicable to other property in the municipality,
10 which rate shall be applied to the assessed values so
11 determined.

12 The State Tax Assessor is authorized to make
13 provisional payment of up to 75% of any municipal
14 claim found to be in satisfactory form. The payment
15 shall be made within 90 days after receipt of a
16 satisfactory claim and shall be presented for final
17 settlement to the Legislature next convening.

18 In tax years beginning on or after April 1, 1988, the
19 State Tax Assessor shall determine annually the amount
20 of acreage in each municipality which is classified
21 and taxed in accordance with this subchapter. A
22 municipality actually levying and collecting municipal
23 property taxes and within whose boundaries this
24 acreage lies shall receive annual payments from money
25 so appropriated by the Legislature provided it submits
26 an annual return in accordance with section 383; and
27 it achieves the appropriate minimum assessment ratio
28 described in section 327. For the property tax year
29 based on the status of property on April 1, 1988, the
30 per acre reimbursement amount shall increase from 15¢
31 to 24¢. For the property tax year based on the
32 status of property on April 1, 1989, the per acre
33 reimbursement shall be 65% of the per acre tax revenue
34 lost as a result of this subchapter. For property
35 tax years based on the status of property on April
36 1, 1990 1989, or thereafter, the per acre
37 reimbursement shall be 90% of the per acre tax revenue
38 lost as a result of this subchapter. For purposes of
39 this section, the tax lost is the tax that would have
40 been assessed, but for this subchapter, on the
41 classified forest lands if they were assessed
42 according to the undeveloped acreage valuations used
43 in the state valuation then in effect, or according to

1 the current local valuation on undeveloped acreage,
2 whichever is less, minus the tax that was actually
3 assessed on the same lands in accordance with this
4 subchapter.

5 No municipality may receive a reimbursement payment
6 under this section which would exceed an amount
7 determined by calculating the tree growth tax loss
8 less the municipal savings in educational costs
9 attributable to reduced state valuation.

10 A. The tree growth tax loss is the adjusted tax
11 that would have been assessed, but for this
12 subchapter, on the classified forest lands if they
13 were assessed according to the undeveloped acreage
14 valuations used in the state valuation then in
15 effect minus the tax that was actually assessed on
16 the same lands in accordance with this subchapter.

17 In determining the adjusted tax that would have
18 been assessed, the tax rate to be used is computed
19 by adding the additional school support required
20 by the modified state valuation attributable to
21 the increased valuation of forest land to the
22 original tax committed and dividing this sum by
23 the modified total municipal valuation. The
24 adjusted tax rate is then applied to the valuation
25 of forest land based on the undeveloped acreage
26 valuations, adjusted by the certified ratio, to
27 determine the adjusted tax.

28 B. The municipal savings in educational costs is
29 determined by multiplying the school subsidy index
30 by the change in state valuation attributable to
31 the use of the valuations determined in accordance
32 with this subchapter on classified forest lands
33 rather than their valuation using the undeveloped
34 acreage valuations used in the state valuation
35 then in effect.

36 Sec. 4. 36 MRSA §6162-A, sub-§2, as enacted by
37 PL 1987, c. 528, §2, is repealed and the following
38 enacted in its place:

1 tax rebates;

2 \$1.395 million is provided for corporate income
3 tax rebates;

4 \$.205 million is provided to cover the
5 administrative expenses of issuing the rebate checks;

6 \$1.528 million is provided to offset a future loss
7 of revenues to the State from the counties; and

8 \$1.4 million is set aside to improve the free
9 drugs for Maine's elderly program.

10 STATEMENT OF FACT

11 Section 1 of this bill repeals a statutory
12 requirement that counties pay for certain court
13 facilities.

14 Section 2 creates a reserve fund to be used to
15 provide a one-time investment tax credit for
16 corporations.

17 Section 3 amends the phased-in reimbursement
18 schedule for the tree growth tax program.

19 Section 4 makes the eligibility requirements for
20 free drugs for Maine's elderly the same as those used
21 in the elderly household tax and rent refund program.

22 Section 5 improves the benefit amount in the
23 low-income property tax refund program.

24 Section 6 amends the eligibility requirements of
25 the partial rebate of individual income tax as set out
26 in Public Law 1987, chapter 832.

27 Section 7 defines the methodology of this
28 individual income tax return process.

29 Section 8 defines the methodology of the corporate

1 income tax return process.

2 Section 9 appropriates \$60,028,000 for the
3 purposes of this bill.

4 Section 10 provides for an effective date of July
5 1, 1989, for sections 1, 4 and 5 of this bill.

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