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Date: (Filing No. H-)

TAXATION

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**STATE OF MAINE
HOUSE OF REPRESENTATIVES
131ST LEGISLATURE
SECOND REGULAR SESSION**

COMMITTEE AMENDMENT “ ” to H.P. 1060, L.D. 1648, “An Act to Make Changes to the Farm and Open Space Tax Law”

Amend the bill by striking out all of sections 1 and 2.

Amend the bill by striking out all of section 4 and inserting the following:

'Sec. 4. 36 MRSA §1106-B is enacted to read:

§1106-B. Valuation of open space land

For purposes of this subchapter, open space land is valued according to and subject to the provisions of this section.

1. Open space land valuation determined. The State Tax Assessor shall determine the 100% open space land valuation for each county by doubling the 100% valuation per acre for the highest value forest type for each county obtained pursuant to section 576.

2. Reduction. A landowner may apply for up to 2 of the following additional reductions in valuation specified in this subsection except that, notwithstanding any provision of law to the contrary, the value of forested open space land may not be reduced to less than the highest value it would have if enrolled in the Maine Tree Growth Tax Law and the open space land valuation may not exceed just value as determined pursuant to section 701-A.

A. Public access open space land is eligible for a 25% reduction in the open space land valuation if the landowner agrees to refrain from taking action to discourage or prohibit daytime, nonmotorized and nondestructive public use of that land. The landowner may permit, but is not obligated to permit as a condition of qualification under this paragraph, hunting, snowmobiling, overnight use or other more intensive outdoor recreational uses. The landowner, without disqualifying land under this paragraph, may impose temporary or localized public access restrictions to:

- (1) Protect active habitat of endangered species listed under Title 12, chapter 925, subchapter 3;

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1 (2) Prevent destruction or harm to fragile protected natural resources under Title
2 38, chapter 3, subchapter 1, article 5-A; or

3 (3) Protect a recreational user from any hazardous area.

4 B. Permanently protected open space land is eligible for a 25% reduction in the open
5 space land valuation. For purposes of this paragraph, "permanently protected open
6 space land" is an area of open space land that is subject to restrictions prohibiting
7 building development under a perpetual conservation easement pursuant to Title 33,
8 chapter 7, subchapter 8-A or as an open space land preserve owned and operated by a
9 state or federal natural resource agency or a nonprofit entity in accordance with section
10 1109, subsection 3, paragraph H.

11 C. Open space land on which an approved wildlife enhancement practice has been
12 completed and certified is eligible for a 20% reduction in the open space land valuation
13 as long as the parcel remains in the program under this subchapter.

14 D. Open space land on which an approved climate-friendly practice has been
15 completed and certified is eligible for a 20% reduction in the open space land valuation
16 as long as the parcel remains in the program under this subchapter.

17 **3. Municipal reimbursement.** The State Tax Assessor shall distribute reimbursement
18 under this subsection to each municipality in proportion to the product of the reduced open
19 space land valuation of the municipality multiplied by the property tax burden of the
20 municipality.

21 As used in this subsection, unless the context otherwise indicates, the following terms have
22 the following meanings.

23 A. "Average value of undeveloped land" means the current regional per acre
24 undeveloped land value as determined for state valuation purposes or the current local
25 per acre undeveloped land value as determined for state valuation purposes, whichever
26 is less.

27 B. "Property tax burden" means the total real and personal property taxes assessed in
28 the most recently completed municipal fiscal year, except the taxes assessed on
29 captured value within a tax increment financing district, divided by the latest state
30 valuation certified to the Secretary of State.

31 C. "Reduced open space land valuation" means the difference between the average
32 value of undeveloped land and the average value of classified open space land
33 multiplied by the total number of acres of classified open space land.

34 D. "Undeveloped land" means rear acreage and unimproved nonwaterfront acreage
35 that is not:

36 (1) Classified under the laws governing a current use program;

37 (2) A base lot; or

38 (3) Wasteland.

39 **4. Municipal payments.** The State Tax Assessor shall determine annually the amount
40 of acreage in each municipality that is classified open space land. Each municipality is
41 entitled to annual payments distributed in accordance with this section from money
42 appropriated by the Legislature if it submits a completed annual return in accordance with

1 section 383. The State Tax Assessor shall pay, by October 15th of the year following the
2 submission of the annual return, any municipal claim found to be in satisfactory form. The
3 total municipal reimbursement appropriation amount is equal to 90% of the tax lost as a
4 result of this subchapter. A municipality that fails to achieve the minimum assessment
5 ratio established in section 327 loses 10% of the reimbursement provided by this section
6 for each one percentage point by which the minimum assessment ratio falls below the ratio
7 established in section 327. For purposes of this subsection, "classified open space land"
8 means open space land classified pursuant to this subchapter. For the purposes of this
9 subsection, "tax lost" means the tax that would have been assessed, but for this subchapter,
10 on classified open space land if the land was assessed according to the current regional per
11 acre undeveloped land value as determined for state valuation purposes, or according to the
12 current local per acre undeveloped land value as determined for state valuation purposes,
13 whichever is less, minus the tax that was actually assessed on the same land in accordance
14 with this subchapter and adjusted for the aggregate municipal savings in required
15 educational costs attributable to the reduction in state valuation as a result of this
16 subchapter.

17 **5. Rules.** The Bureau of Revenue Services, in consultation with the Department of
18 Agriculture, Conservation and Forestry and the Department of Inland Fisheries and
19 Wildlife, shall adopt rules to carry out the purposes of subsection 2, paragraphs C and D.
20 The rules must define wildlife enhancement practices and climate-friendly practices, the
21 standards for each practice, the method of certifying that a practice has been completed,
22 including the qualifications of the certifier, and the process of reporting to the municipal
23 assessor, or the State Tax Assessor in the unorganized territory, on the successful
24 implementation of an approved practice. The bureau shall consider appropriate practices
25 and standards identified by the United States Department of Agriculture, Natural Resources
26 Conservation Service, but the bureau may adopt modifications to those practices and
27 standards and adopt additional eligible practices and standards. Rules adopted pursuant to
28 this subsection are routine technical rules under Title 5, chapter 375, subchapter 2-A.'

29 Amend the bill in section 5 in subsection 3 in paragraph O in the last 2 lines (page 5,
30 lines 25 and 26 in L.D.) by striking out the following: "~~1102, subsection 10. 1106-B,~~
31 subsection 3, paragraph A, subparagraph (1) or (2); or" and inserting the following: '1102,
32 subsection 10; or'

33 Amend the bill by striking out all of section 6 and inserting the following:

34 '**Sec. 6. 36 MRSA §1114**, as enacted by PL 1975, c. 726, §2, is amended to read:

35 **§1114. Application**

36 ~~No person can~~ A landowner may not apply for classification for more than an aggregate
37 total of 15,000 acres under this subchapter, unless the landowner is a nonprofit organization
38 that has been determined by the United States Internal Revenue Service to be exempt from
39 taxation under Section 501(c)(3) of the Code. The classification of farmland or open space
40 land hereunder shall continue under this subchapter continues until the municipal assessor,
41 or State Tax Assessor in the unorganized territory, ~~determine~~ determines that the land no
42 longer meets the requirements of ~~such~~ the classification.'

43 Amend the bill in section 8 in the last line (page 6, line 19 in L.D.) by striking out the
44 following: "2024" and inserting the following: '2025'

1 Amend the bill by inserting after section 8 the following:

2 **'Sec. 9. Appropriations and allocations.** The following appropriations and
3 allocations are made.

4 **ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF**
5 **Open Space Tax Reimbursement N488**

6 Initiative: Provides one-time funding to reimburse municipalities for state-mandated costs
7 related to changes to the open space tax program.

8	GENERAL FUND	2023-24	2024-25
9	All Other	\$0	\$17,500
10			
11	GENERAL FUND TOTAL	<u>\$0</u>	<u>\$17,500</u>

12 **Revenue Services, Bureau of 0002**

13 Initiative: Provides one-time funding for computer programming associated with changes
14 to the open space tax program.

15	GENERAL FUND	2023-24	2024-25
16	All Other	\$0	\$122,000
17			
18	GENERAL FUND TOTAL	<u>\$0</u>	<u>\$122,000</u>

19

20 **ADMINISTRATIVE AND FINANCIAL**
21 **SERVICES, DEPARTMENT OF**
22 **DEPARTMENT TOTALS**

23		2023-24	2024-25
24	GENERAL FUND	\$0	\$139,500
25			
26	DEPARTMENT TOTAL - ALL FUNDS	<u>\$0</u>	<u>\$139,500</u>

27

28 Amend the bill by relettering or renumbering any nonconsecutive Part letter or section
29 number to read consecutively.

30

SUMMARY

31 This amendment changes the method for the valuation of open space land under the
32 farm and open space tax law. It changes the method of calculating the valuation of wildlife
33 habitat land to incorporate specific criteria for a reduced valuation, and it adds as a category
34 open space land on which an approved climate-friendly practice has been approved and
35 certified. It provides a process for reimbursing municipalities for 90% of tax lost as a result
36 of the classification of open space land.

37 The amendment requires the Department of Administrative and Financial Services,
38 Bureau of Revenue Services, in consultation with the Department of Agriculture,
39 Conservation and Forestry and the Department of Inland Fisheries and Wildlife, to adopt
40 routine technical rules necessary for carrying out the changes in the Maine Revised

COMMITTEE AMENDMENT “ ” to H.P. 1060, L.D. 1648

1 Statutes, Title 36, section 1106-B, subsection 2, paragraphs C and D and changes the
2 application date from April 1, 2024 to April 1, 2025.

3 The amendment allows a landowner determined to be a 501(c)(3) nonprofit
4 organization by the United States Internal Revenue Service to apply for classification for
5 more than an aggregate total of 15,000 acres under the laws governing the valuation of
6 open space land.

7 **FISCAL NOTE REQUIRED**

8 **(See attached)**