



125th MAINE LEGISLATURE

LD 1138

LR 1214(04)

An Act To Amend the Maine Tree Growth Tax Law and the Open Space Tax Law

Fiscal Note for Bill as Engrossed with:

C "A" (H-859)

Committee: Taxation

Fiscal Note

State Mandate - Exempted
Potential future biennium savings - General Fund

State Mandates

Required Activity

Municipalities are currently required to send a notice by certified mail or personal delivery of any deficiency in complying with the requirements of the Tree Growth Tax Law Program, the deadlines for compliance and the consequences of withdrawal from that program. The bill modifies that requirement and establishes a multiple-step process for notification requiring up to three notices to be delivered by certified mail.

Unit Affected

Municipality

Local Cost

Moderate statewide

Pursuant to the Mandate Preamble, the two-thirds vote of all members elected to each House exempts the state from the constitutional requirement to fund 90% of the additional costs.

Fiscal Detail and Notes

The bill imposes additional restrictions that must be satisfied for owners seeking classification of property under the Maine Tree Growth Tax Law program on or after August 1, 2012. It creates a multi-step process for notification and imposes penalties when the owner fails to comply with program requirements, creates an additional category under the alternative valuation method of open space land assessment providing for an additional reduction of 10% for a landowner who provides and complies with a forest management and harvest plan, and requires that the tree growth withdrawal penalty applies rather than the open space withdrawal penalty for the first ten years after a property is transferred from the Tree Growth program to the open space tax program. These changes may lead to a future reduction in acreage enrolled in the Maine Tree Growth Tax Program and an increase in land enrolled under the Open Space Tax Program. This may, over time, lead to reduced property tax revenues for municipalities and reduced General Fund reimbursement to municipalities for revenue lost as a result of the Tree Growth Tax Program. The precise effects on municipal budgets and on required State reimbursements cannot be determined at this time, but based on past experience are estimated by Maine Revenue Services to be relatively small. Any additional administrative costs to Maine Revenue Services can be absorbed within additional resources.