



Commercial Forestry Excise Tax

**A Report Prepared for the
Joint Standing Committee on Appropriations and Financial Affairs;
the Joint Standing Committee on Agriculture, Conservation and Forestry;
and the Joint Standing Committee on Taxation**

Pursuant to Public Law 2009, Chapter 571, Part BBBB

**Department of Administrative and Financial Services
Maine Revenue Services**

February 8, 2011

**Jerome D. Gerard
Acting State Tax Assessor**

Pursuant to Public Law 2009, Chapter 571, Part BBBB, the State Tax Assessor was directed to increase the amount of commercial forestry excise tax (“CFET”) to be collected from owners of commercial forest land who had not previously filed the CFET return and paid the tax owed in accordance with Title 36, section 2723-A, subsection 5-A on a one-time basis by \$400,000 and report the following information to the committees.

1. The amount of additional acreage added to the base for the 2011 tax year.

As of February 2, 2011, as a result of the additional collection and enforcement efforts the amount of commercial forest land subject to the CFET base for the assessments to be issued April 1, 2011 is 81,486 taxable acres. If these additional acres had been included in the CFET rate for the April 2010 assessments the CFET rate for the April 2010 assessments would have been reduced from .375 to .372.

2. Additional collections from enforcement activities.

As of February 2, 2011, the total amount of CFET assessed from supplemental assessments issued for the years 2004 through 2009 was \$298,040 and interest assessed was \$68,108, for a total assessment of \$366,148. As of February 2, 2011, the total amount collected on these supplemental assessments was \$311,569, leaving \$54,579 remaining unpaid.

3. The effect of the additional enforcement collections on offsetting the \$400,000 increase and on reducing the tax rate in 2011 and thereafter.

The fire protection budget as reported by the Department of Conservation to Maine Revenue Services (“MRS”) for the April 2011 assessments is \$3,095,027.20. For purposes of the April 2011 assessment of CFET, the fire protection budget will be increased by the difference between the \$400,000 required to be raised pursuant to the Public Law and the amount actually collected as of March 31, 2011. Because the landowners had until February 1, 2011, to file returns reporting the number of commercial acres owned that are subject to the tax, the CFET rate for the April 2011 assessments is unknown at this time. As soon as that information is available MRS will provide the April 2011 CFET rate to the committees.

A more comprehensive explanation of the CFET and its history as well as historical acreage and CFET rates is available upon request. Please contact Maine Revenue Services, Property Tax Division at (207) 287-2013 to request a copy.