

OFFICE OF FISCAL AND PROGRAM REVIEW

Date: March 28, 2012
To: Members, Joint Standing Committee on Taxation
From: Elizabeth Cooper, Legislative Analyst

LD 1470, An Act To Ensure Harvesting of Timber on Land Taxed under the Maine Tree Growth Tax Law

Summary of Original Bill: This bill, which is a concept draft, proposes to ensure that future applicants for classification of land under the Maine Tree Growth Tax Law are eligible only if they are actually engaged in harvesting timber and not using the land as a property tax shelter without harvesting.

Public Hearing

Proponents - included the Small Woodland Owners Association, the Maine Forest Council, the Maine Municipal Association, and several assessors/municipal officials who advocated changes to the Tree Growth Tax Law that would ensure proper use and harvesting without undue hardship or penalties for administrative errors. Maine Municipal Association's testimony included language for a possible amendment (note testimony dated May 6, 2011).

Opposed – none

NFNA – Maine Forest Service proposed a field audit of a random sample of landowners stratified by whether the towns are coastal or non-coastal to evaluate compliance with forest management plans. (A proposed amendment is attached to copies of testimony provided.)

Committee Amendment

- The Committee amendment authorizes the Bureau of Forestry to randomly sample land enrolled in tree growth to assess overall compliance as well as differences in compliance base on property location.
- It allows the Bureau of Forestry staff to examine land and review the forest management and harvest plan or an expired plan upon request.
- The information collected is confidential, except the Bureau must provide a summary report that is a public record. The information in the report may not reveal the activities of a person or individual.
- The Bureau of Forestry must provide a report by March 1, 2014 to the Joint Standing Committee on Taxation that includes: findings of any differences in compliance based on location, such as coastal and waterfront property as compared to other parcels; a summary of data concerning violations and enforcement activities; an assessment of the effectiveness of the Maine Tree Growth Tax Law; and recommendations to address any problems.
- The subsection providing for the random sampling is repealed December 31, 2014. Current law regarding the Bureau's assistance to assessors with enforcement found in subsection 1 is not repealed.
- A review by the Judiciary Committee of the public records exception recommended a language change, which the Taxation Committee included in the amendment to ensure that the Bureau of Forestry is required to submit a summary report.