

MAINE STATE LEGISLATURE

The following document is provided by the
LAW AND LEGISLATIVE DIGITAL LIBRARY
at the Maine State Law and Legislative Reference Library
<http://legislature.maine.gov/lawlib>



Reproduced from scanned originals with text recognition applied
(searchable text may contain some errors and/or omissions)

LEGISLATIVE RECORD

OF THE

***One Hundred and Fifth
Legislature***

OF THE

STATE OF MAINE

Volume III

June 16, 1971 to June 24, 1971

Index

1st Special Session

January 24, 1972 to March 10, 1972

Index

**KENNEBEC JOURNAL
AUGUSTA, MAINE**

The SPEAKER: The Chair recognizes the gentleman from Pittsfield, Mr. Susi.

Mr. SUSI: Mr. Speaker, Ladies and Gentlemen of the House: It is our hope and plan to have an open caucus on this item one, the University of Maine bond issue, and I would hope that someone would table this until later in today's session, so that we can take up item two and dispose of it prior to the caucus.

Whereupon, on motion of Mr. Martin of Eagle Lake, tabled pending passage to be enacted and later today assigned.

The Chair laid before the House the second tabled and later today assigned matter:

Bill "An Act Establishing a Forest Lands Taxation Policy Using a Productivity Approach" (H. P. 1577) (L. D. 2034)

Pending — Passage to be engrossed.

The SPEAKER: The Chair recognizes the gentleman from Bath, Mr. Ross.

Mr. ROSS: Mr. Speaker and Members of the House: This entire subject is a very complicated situation. The last session passed a bill taxing forest lands on a productivity basis. The Governor vetoed this and he appointed a study committee under the chairmanship of Professor John Cope of the University of Maine.

Now in this session we had two bills before the Taxation Committee very similar to their report, one by Mr. Bragdon and one by Mr. Martin. The subject was so vital to the Maine forest lands that we completely put aside politics and we accepted the Martin bill as a vehicle to work on. We made several changes and most of them were minor, except in section 6 of the bill we spelled out the exact rates for six years. And in paragraph 4, section 576, we accepted a 10 percent capitalization plan, the wording of which was made by Mr. Johnson, the State Tax Assessor.

I would now present House Amendment "A" and move its adoption and talk to it briefly.

House Amendment "A" (H-556) was read by the Clerk.

The SPEAKER: The gentleman may proceed.

Mr. ROSS: Mr. Speaker and Members of the House: House Amendment "A" takes care of a constitutional question which was raised by the Attorney General's department. If we are going to have a 10 percent differential in organized areas, we should set the same 10 percent differential in unorganized areas, and this amendment solves this one problem alone.

Thereupon, House Amendment "A" was adopted.

The SPEAKER: The Chair recognizes the gentleman from Eagle Lake, Mr. Martin.

Mr. MARTIN: Mr. Speaker, Ladies and Gentlemen of the House: I too, wish to agree with the gentleman from Bath, Mr. Ross, that this is the most complicated area. Since last week when the bill came out of the Taxation Committee I have done literally nothing else evenings but try to understand the bill, try to figure out what is going to take place once the bill gets enacted, is signed by the Governor.

I have been concerned for some time by some of the contents of the bill. I have tried to work out a number of things which I hope will help us arrive at decisions which in the long run will prove for the benefit of everyone in the State of Maine.

I am going to offer three amendments today and to explain each one out. I will do so because I think it important, and I would appreciate it if you have questions that you ask them. I am not saying I have the answers, but I am going to try to answer them to the best of my ability.

I think none of us here can really tell you the long-range effects of a productivity approach because we really have no evidence at this point of how it is going to work in any and every detail. But I think all of us assume that the productivity tax is a better approach to taxing forest lands than what we are using today if we are going to preserve and have for any length of time woodlands to use, paper mills and other forest related pro-

ducts. And we know that what we have got now isn't working.

We also know this. The Department of Forestry and the Taxation Department have not yet really had adequate information to give you a case by case instance of what is going to transpire. I do know this and I can tell you this and I think we all ought to be made aware of it, that at the next session, if we come back, we are going to have to appropriate roughly, \$100,000 to the Department of Forestry to take care of finding out the types of trees that literally stand all over the state.

So, I want everyone to be aware that when we enact this bill, that it is going to cost the State of Maine some money to implement it. And it is also going to mean more revenue for us, at least we assume it is. But I don't want anyone two years from now, to say, well, Martin didn't tell us that it was going to cost us money. I am telling you now that it is going to. I am also telling you that it is going to bring us more money. So that obviously, it is hoped that we are going to get more revenue out of this than what it is going to cost us.

Now, with that preliminary introduction, Mr. Speaker, I offer House Amendment "B", move its passage and would speak briefly.

House Amendment "B" (H-567) was read by the Clerk.

The SPEAKER: The gentleman may proceed.

Mr. MARTIN: Mr. Speaker, Members of the House: This particular amendment which is under filing number H-567, does the following.

Under the existing bill, it is assumed that a municipality is not going to suffer any more than ten per cent of a decrease of valuation. If, in any instance, someone comes in and says that the forest land is being overtaxed, my amendment, House Amendment "B", would say that after that first year, if the municipality loses money, which it might, no one really knows for sure, then they will have a way to get that money back, and that basically, will be a claim against the state.

This is important for all those of you who have paper companies or large land owners of 500 acre blocks or more because it could be that in certain municipalities in the state, that they are being overvalued and I think that is true, especially in organized municipalities. What this does, it guarantees a municipality that it is not going to be hit with all of a sudden losing 25% of its valuation.

I hope this is clear because it is important. The Maine Municipal Association endorsed the principle of the amendment and everyone has agreed to its adoption that has been involved in working with the drafting of the bill.

I think it is most important for those of us that represent any community that has wild lands or that has 500 acres or more in terms of preventing loss of revenue to the town treasury.

The SPEAKER: The Chair recognizes the gentleman from Bath, Mr. Ross.

Mr. ROSS: Mr. Speaker, Members of the House: As the House chairman of the Taxation Committee, we are in favor of this amendment.

The SPEAKER: The Chair recognizes the gentleman from Strong, Mr. Dyar.

Mr. DYAR: Mr. Speaker, Members of the House: I address myself to the bill in the regular session, and I would like to address this amendment.

Now, Mr. Martin has pointed out the 10% differential. About five weeks ago, Mr. Ben Haug, Vice President of Scott Paper Company, was on channel five for 30 minutes on the follow-up program. At that time, he stated that Scott Paper Co. was paying 75 cents to \$1.00 an acre tax on their wild land interests. Scott Paper Co. in my district owns in excess of 600,000 acres and checking the state's valuation, it averaged out to \$8.90 an acre value.

Now, rounding that off to \$9.00 an acre at 50 mills, you are talking .45 at 50 mills. At the present time, in the organized towns that I represent, woodlands are being taxed from .60 to \$1.00 an acre. Now, with this 10% provision, if we go to 100% evaluation on this

land that now is \$9.00 we will call it, we would go to \$18, even at 50 mills. You are going to have to go up to 50 mills to keep within that 10%.

Now, I don't believe that the big land owners are going to go along with this, I don't think they are going to go with 50 mills taxation right off the bat. I would like to point out that also in my district there were two resolves you people passed during the regular session. When two of the paper companies sold their interests in public lots, to the lease holders, and they wanted .25 a square foot, this was in the public lots which are the unorganized townships, which are, on many occasions, taxed as wildlands. At .25 a foot, you are talking roughly \$11,000 an acre valuation.

Now, until we can set a reasonable figure on an acre of land, you can talk productivity, you can talk anything you want to, but you are not going to come up with a just answer. In my district, we have had an outside corporation, an out of state corporation coming in and buying entire townships, setting them up as R & R centers for their executives to come up and take in our fresh air and so forth and they are denying the taxpayers and the rest of the State of Maine access to these lands. And I am talking anywhere from 21,000 to 26,000 acre lots.

We, as citizens in the State of Maine, cannot trespass this law. I do not believe that any legislation that will pass in the line of productivity tax, will increase the confidence in the State of Maine to this proportion that should be increased and the present situation will bring in something like \$1.5 million. If you brought in anywhere near the value of these wildlands, you are going to be talking 10 and 20 times this amount based on what they are selling this land for to individuals.

There is a fallacy which will go along with this amendment on the productivity years, at a gross rate of 30 years, certainly, you can grow soft woods on these lands in 30 years and cut them 6 and 8 inches on the stump, I don't think this is conservation. If this land grows up to hardwood, you are talking a

productivity rate of 80 years or better.

My own experience on lands I have cut over this summer and winter, this land was cut over prior, the last time it was cut was 1910 through 1914. And I know for a fact that this particular land will not be a source of revenue to anybody for at least another 75 years.

So, I urge you people this afternoon, if you have any interest in the taxpayers of the State of Maine, look over these amendments very carefully, look over these bills very carefully. The intent of the Committee on Taxation, I am sure, is honorable, but the mistrust I have for the large land owners, but the advantages of taking over this system in Maine, leaves much in my mind to be ironed out.

The SPEAKER: The Chair recognizes the gentleman from Bridgewater, Mr. Finemore.

Mr. FINEMORE: Mr. Speaker, Ladies and Gentlemen of the House: If you will bear with me a few minutes, probably it would pay us and the members of the Taxation Committee, to explain a little further this tax to you, why we arrived at this tax. All the evaluation of this land will be set by the United States Forestry Department. They will appraise this land every two years, that is productive growth.

We will start off with a value of annual growth of \$3.60 an acre. And they have an adjustment factor which is 70% retractable. In other words, we would start off with a value of \$2.52 per acre. We have also set up a 10% capitalization rate which Mr. Dyar has mentioned. We would multiply that by 10% which would give us \$25.20 per acre value of each acre of land. And in this bill we have started out, set up, the first year, 16½ mills, which would be ½ of the municipal rate. This municipal rate in the state at the present time, is 33 mills, so we would start off at one half of that rate, 16½ mills on April 1, 1973. Then we will go for the next five years at 1½ mills per year, which will bring it at the end of five years to 24 mills and it will remain there. And then in the future, we also have in this

bill, in the future, if this bill ever reaches the above to the amount of 33 mills which is the average municipal rate, it would change then and go no further because at no time can this rate go above the average municipal rate.

If the municipal rate comes down to 24 — why that is set in there I should say, there has been some talk of taking the school tax, the cost of schools from some other tax like the sales tax or income tax and by so doing you would lower your property rate, that is your real estate rate in each and every town and municipality.

Therefore, we never can go above that rate, this tax would always remain the same. And I think we have been very easy on this 10% capitalization rate. We have set it so that the Taxation Department cannot change it, we have worked together with the landowners and I believe, I think any member of the Taxation Committee here will say that the landowners were very pleased with this, maybe with the exception of the last one and one half mills. When we first set this up, we set it so that it would reach 22½ mills but later 1½ mills was added to make it 24 mills and it stayed there until the legislature changed it. But in the course of making it up, we did go to 24. We have checked this with the landowners, that is most of them anyway, and we find that they are much in agreement with it.

And the amendments that the gentleman from Eagle Lake, Mr. Martin has put on, and the gentleman from Bath, Mr. Ross, has been agreed upon by the committee and we find they are necessary to make the bill proper. I have checked this with Mr. Johnson, spent an hour and a half with him the other morning, and I believe we have got this to a point where the landowner would like to have it.

The SPEAKER: The Chair recognizes the gentleman from Strong, Mr. Dyar.

Mr. DYAR: I would like to pose a question through the Chair to Mr. Finemore.

The SPEAKER: The gentleman may pose his question.

Mr. DYAR: Is there any provision within this new statute being talked to this afternoon, to tax these people, or to penalize these people I might say, for paying this tax on a \$25 valuation when they sell these lots at \$5,000, \$10,000, \$15,000 an acre. Is there any provision in this statute to tax out of state corporations buying entire townships for the sole purpose of their own recreation and financial gain?

The SPEAKER: The gentleman from Strong, Mr. Dyar, poses a question through the Chair to any member of the Taxation Committee who may answer if they choose. The Chair recognizes the gentleman from Bridgewater, Mr. Finemore.

Mr. FINEMORE: Mr. Speaker, in answer to that, we have a law, it is a little different. We have a law that we passed last year in the regular session, and it doesn't include forest land unless that land is around a lake. If there is a lake where they improve that land, improve it with cottages and recreational facilities, it can be taxed higher.

Otherwise, I do not know of anything in this bill here that could change it. If any other member of the committee wishes to go further, I would be very pleased.

The SPEAKER: The Chair recognizes the gentleman from Eagle Lake, Mr. Martin.

Mr. MARTIN: Mr. Speaker, I am as concerned about the problems as outlined by the gentleman from Strong, Mr. Dyar, as he is and I know he is referring in one instance of the township that International Telephone and Telegraph came in and literally bought, and they keep it for their own pleasure and their own executives and that has bothered me a great deal and I am not sure if we can ever solve that particular problem.

I resent the fact that this is being done. I resent the fact that the companies that own the land or sold it to them for really no useful purpose in the long run and I resent the fact that Maine citizens are going to be unable to use it. I don't think that this bill, in itself, is ever going to solve that

problem. But I would point out in terms of the recapturing penalty clause that there is one in this bill and it is on page 7, Section 581, in Withdrawal.

Now, I cannot explain the actual details of it, but I understand it is a relatively stiff penalty, if someone decides that they are going to play around with it from this day on. But as I point out, it does nothing in the case of IT&T.

Thereupon, House Amendment "B" was adopted.

Mr. Martin of Eagle Lake offered House Amendment "C" and moved its adoption.

House Amendment "C" (H-568) was read by the Clerk.

The SPEAKER: The gentleman may proceed.

Mr. MARTIN: Mr. Speaker and Members of the House: This is on page two of a section entitled Assessments repealed, 4106, simply changing the wording in that amendment. It does nothing, I have been assured, about changing the meaning at all within the bill itself.

Thereupon, House Amendment "C" was adopted.

Mr. Martin of Eagle Lake offered House Amendment "F" and moved its adoption.

House Amendment "F" (H-573) was read by the Clerk.

The SPEAKER: The gentleman may proceed.

Mr. MARTIN: Mr. Speaker and Members of the House: This amendment would add a section at the end of that very section which I earlier amended that would say, in effect, that the section would not apply to acquisition costs and initial construction of roads which were taken on or before January 1, 1973.

Let me tell you the background to this so that you have some idea of why it is being offered. At the present day, Aroostook County is in court in an action brought by the landowners and the County of Aroostook in reference to the construction of a road between Ashland and Daaquam, that's the Province of Quebec, Canada, and the attorneys for the county were concerned that if this section were passed without any proviso that they might find themselves out in the cold.

One other county commissioner commented to me that it might pose a problem if any other county might be interested in taking a road somewhere for useful purpose and that they had to take it. And so we finally arrived at this approach of solving the problem and I have been assured by everyone that it does solve that particular problem; it has nothing to do with the merits or demerits of building a road. It is merely to protect the rights of the county commissioners throughout the state basically dealing with six counties where there are unorganized territories, and I would of course move its passage.

The SPEAKER: The Chair recognizes the gentleman from Bath, Mr. Ross.

Mr. ROSS: Mr. Speaker and Ladies and Gentlemen: I am delighted that the gentleman from Eagle Lake, Mr. Martin, did not offer his House Amendment "D" or "E" because they would have thrown the formula out of whack. But this "F" amendment we have checked out with the landowners and everybody concerned and they are perfectly agreeable with it.

Thereupon, House Amendment "F" was adopted.

The SPEAKER: The Chair recognizes the gentleman from Eagle Lake, Mr. Martin.

Mr. MARTIN: Mr. Speaker, Ladies and Gentlemen of the House: Now that we have adopted those amendments, I would like to relate to you a few thoughts, and I think it has to do with not only this bill but many other bills.

For the past week I have been working on this bill and have literally tried to yank people to work on it. And if ever in my whole career in this Legislature there was demonstrated a need for legislative staff, this was it, because literally I had to depend on the lobbyists of the paper companies who did, I might point out, an outstanding job in doing what I wanted done. But I think it demonstrates the point that to me anyway, more than any other bill I have worked on, that from this day on we have got to acquire a staff to do the job for us rather than have someone else do it for

us. And this is not being critical, it is just stating a fact, and I at this point really want to thank the people who assisted me, because without their assistance there wouldn't have been this in front of us today.

Thereupon, the Bill was passed to be engrossed as amended by House Amendments "A", "B", "C" and "F" and sent to the Senate.

On motion of Mr. Susi of Pittsfield,

Recessed until three-thirty o'clock this afternoon.

After Recess
3:30 p.m.

The House was called to order by the Speaker.

The Chair laid before the House a matter tabled earlier and as-

signed for later in today's session:

An Act to Authorize Bond Issue in the Amount of \$8,360,000 for the Construction and Renovation of Higher Education Facilities at the University of Maine (H. P. 1545) (L. D. 2001)

Pending—Passage to be enacted.

In accordance with the provisions of Section 14 of Article IX of the Constitution a two-thirds vote of the House being necessary, a total was taken. 88 voted in favor of same and 23 against, and accordingly the Bill was passed to be enacted, signed by the Speaker and sent to the Senate.

On motion of Mr. Porter of Lincoln,

Adjourned until nine o'clock tomorrow morning.