



SPECIAL LAND USE CLASSIFICATIONS:

THE BASICS

Conservation Committee Presentation



CURRENT USE
PROGRAMS; TREE
GROWTH, FARMLAND,
OPEN SPACE



PROGRAM OVERVIEWS



REQUIREMENTS OF
EACH PROGRAM



COMMON QUESTIONS



PENALTIES TO
WITHDRAW LAND



SOURCES OF
INFORMATION

Current Use Programs

Programs governed by State law; Tree Growth, Farmland and Open Space

Administered by the local Assessor

Land must meet strict eligibility requirements

Can have significant penalties to withdraw land

Typically reduce the valuation and taxes on the land

Tree Growth Special Land Use Classification

- ▶ Tree Growth tax law was enacted in 1971 by the 105th legislature and took effect beginning April 1, 1973
- ▶ The purpose of the tax law was to “tax all forest land according to their productivity and to promote better forest management”
- ▶ 36 M.R.S. § 576 requires that the State Tax Assessor establish the 100% valuation per acre for each forest type, hardwood, softwood and mixed wood, by economic region, for parcels classified under the Tree Growth Tax Law
- ▶ The price per acre is dependent on market prices for each type of wood and commonly fluctuates year to year



Qualifications for consideration:

- The primary intent must be for growth of trees to be harvested for commercial products
- Must have a minimum of 10 **forested** acres
- Submit an application signed and dated by a licensed forester with a map identifying the forested areas as well as land not classified
- Have a Forest Management and Harvest Plan by a licensed Forester to be reviewed by the Assessor
- Submit a sworn statement from a licensed Forester every 10 years attesting the landowner is following the management plan and write the next 10 year's plan.
- Initial applications and all materials must be submitted by April 1 to be considered for the upcoming tax year

Common Questions

- ▶ What are some commercial products that qualify?
- ▶ If I sell my land, is it removed from Tree Growth?
- ▶ Can the types of trees on my land change over time?
- ▶ Do I need to resubmit an application if areas on my parcel change use?
- ▶ Can I harvest my land?
- ▶ Can I have a house lot on my classified land?
- ▶ Firewood, pulpwood, maple syrup, Christmas trees, wreath brush
- ▶ The classification goes with the land not the owner
- ▶ It is not uncommon for the types of wood to change over time
- ▶ You must resubmit an updated map of the parcel to the Assessor
- ▶ The harvest must comply with the Forest Management and Harvest Plan
- ▶ You can have a house lot which cannot be included with the required 10 acres of forested land

I want to withdraw my land. How is my penalty calculated?

The withdrawal penalty is the greater of:

(1) The difference between the taxes that would have been assessed for the preceding five tax years if the land had been assessed at its just value on the date of withdrawal, and the taxes that were actually paid on the land for the preceding five tax years, plus interest at the prevailing municipal rate from the date each year's taxes were due. If the land has been classified under the Tree Growth program for less than five years, the penalty must be calculated starting with the year in which the land was first classified.

(2) Depending upon the length of time that the parcel has been enrolled, the penalty is between 20% and 30% of the difference between the 100% Tree Growth value and the fair market value of the land.

Example of Penalty Calculation for withdrawing 3.2 acres of Tree Growth Land

YEAR	A Assessed Valuation on Date of Withdrawal	B Certified Ratio	C Fair Market Value (A / B)	D Tax Rate	E Fair Market Tax (C x D)	F Actual Tax	G "Back Taxes (E - F)	H Interest	I Tax and Interest (G + H)
2021	1332	93	12100	0.02382	\$288.22	\$ 31.73	\$ 256.49	7%	\$ 267.90
2020	1437	100	12100	0.02375	\$287.38	\$ 34.13	\$ 253.25	8%	\$ 307.34
2019	1419	100	12100	0.02375	\$287.38	\$ 33.70	\$ 253.67	8%	\$ 307.21
2018	1432	100	12100	0.02368	\$286.53	\$ 33.91	\$ 252.62	7%	\$ 316.96
2017	1398	100	12100	0.02299	\$278.18	\$ 32.14	\$ 246.04	7%	\$ 325.93
						The Penalty is Either:			\$ 1,525.34
									OR
		MINUS		=		X			
	12100		1332		10768		20%	=	\$ 2,153.60
	Fair Market Value		Tree Growth Value		Difference		Percentage		Whichever is Greater

Farmland Special Land Use Classification

The Farmland Tax Law was enacted in 1971 by the 105th legislature

The purpose of the law was to protect and encourage the preservation of farmland

The Maine Revenue provides municipalities a suggested range for the price per acre for different categories of Farmland. The result is a lower valuation and lower taxes. Lower taxes were designed to act as an incentive to preserve the farming community

Qualification for the Farmland Program



The parcel must be a minimum of 5 acres.



The entire parcel does not have to be used for farming, however only that acreage used for farming is assessed at the farmland p/p acre and considered towards the income requirement



A tract of farmland must generate gross income of at least \$2,000 per year from the sale of agricultural products in one of the two, or three of the five, calendar years preceding the date of application for classification.



The owner of farmland that meets all the requirements, except the income requirement, may apply for a two-year provisional classification as farmland.



The owner must submit the completed application, statement of income, map identifying the classified and unclassified areas and copy of a lease if the farmland is being leased



The owner of the farmland must file with the assessor by April 1 of each fifth year after qualification a statement of the gross income derived by either the owner or lessee in each of the previous five years from acreage classified as farmland.



Applications must be submitted by April 1 of the upcoming tax year

Frequently asked questions

- ▶ What agricultural products qualify for Farmland?
- ▶ How will my farm woodland be assessed?
- ▶ Can vegetables grown for consumption by my household be used towards my income requirement?
- ▶ Vegetables, horticulture land ornamental and edible, orchard, cropland, pastureland, wild blueberries
- ▶ Auburn uses a price per acre within the MR suggested range
- ▶ Yes

Just Value vs Classified Farmland

Example #1

Parcel size: 5 acres
House lot: 1 acre
Pond area: 1 acre
Farmland: 3 acres

Valuation at just value

House lot: 56,000
Pond area: 1,000
Ag land: 3,000
Total land valuation: 60,000

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Valuation classified as Farmland

House lot: 56,000
Pond area: 1,000
Farmland/Pasture: 975
Total land valuation: 57,775

Tax savings: \$53.00

Example #2

Parcel size: 25 acres
House lot: 1 acre
Pond area: 1 acre
Farmland: 23 acres

Valuation at just value

House lot: 56,000
Pond area: 1,000
Ag land: 23,000
Total land valuation: 80,000

Valuation classified as Farmland

House lot: 56,000
Pond area: 1,000
Farmland/Pasture: 7,475
Total land valuation: 64,475

Tax savings: \$369.81

I want to withdraw my land. Will there be a penalty?

The landowner has the option of transferring the land to another special land use classification if the land qualifies with no penalty

The penalty for withdrawal is equal to the taxes that would have been due for the previous five years if the property was not in the program, less the taxes that were paid on the property during that period plus interest and any penalties

Will My Land Qualify for Open Space Land Use Classification?

Land must be preserved or restricted for uses providing a public benefit

Ex: Unique in size in an area of extensive development, scenic vistas, use for recreation or education, land designated in a comprehensive plan or zoning ordinance, protecting wildlife habitat, permanent protection of the land, land under a conservation easement, etc.

No minimum acreage requirement, however, any building area is excluded and must be at least the minimum lot size as determined by ordinance

Categories and % off adjustments

- ▶ A. All **ordinary open space** land is eligible for a reduction of 20% of the 100% assessed value.
- ▶ B. **Permanently protected open space** land is eligible for the 20% reduction in subsection A plus an additional 30% reduction, for a total reduction of 50% of the 100% assessed value.
- ▶ C. **Forever wild open space** land is eligible for the 20% reduction in subsection A and the 30% reduction in subsection B, plus an additional 20% reduction, for a total reduction of 70% of the 100% assessed value.
- ▶ D. **Public access open space** land is eligible for the 20% reduction in subsection A plus an additional 25% reduction, for a total reduction of 45% of the 100% assessed value. If public access open space land also qualifies as permanently protected open space land, it is additionally eligible for the 30% reduction as permanently protected open space land, for a total reduction of 75%. If public access open space land also qualifies as forever wild open space land, it is eligible for the 70% reduction as forever wild open space plus the additional 25% reduction as public access open space land, for a **total reduction of 95%**.
- ▶ E. **Managed forest open space** land is eligible for the 20% reduction in subsection A plus an additional 10% reduction for a total reduction of 30% of the 100% assessed value. If managed forest open space land is also permanently protected, it is additionally eligible for the 30% reduction as permanently protected open space land, for a total reduction of 60%. If managed forest open space land also qualifies as public access open space land, it is additionally eligible for the 25% reduction as public access open space land, for a total reduction of 55%. If managed forest open space land is also qualified as both permanently protected open space land and public access open space land, it is additionally eligible for both the 30% reduction as permanently protected open space land and the 25% reduction as public access open space land, for a **total reduction of 85%**. Managed forest open space land cannot also qualify for forever wild classification.

Reductions in the valuation

Based on a 10 acre vacant parcel in a residential zone assessed at **78,000**

Ordinary Open Space 20% reduction = **62,400**

Public access 25% reduction + 20% = **42,900**

Permanently protected 30% + 20% + 25% = **19,500**

Requires restrictions prohibiting development under a conservation easement or owned and operated by a non-profit conservation entity

Forever Wild 20% + 20% + 25% + 30% = **3,120**

Permanently protected and subject to restrictions or committed to specific uses by a non-profit entity

What do I need to apply?



A completed application for each individual parcel



A detailed map of the property designating the open space area and labeling all other areas of the parcel



A copy of the deed describing any conservation easement



A copy of the deed describing deed restrictions



Application(s) and supporting documents must be submitted to the Assessing Office by April 1 for consideration for the upcoming tax year

Parcels as of 4-1-2021 in a Special Land Use Classification

Classification	# of Parcels	# of Acres	Valuation as of 4-1-2021
Tree Growth	50	2,599.60	1,050,729
Farmland	48	1,534.75	564,205
Farm Woodland		1,197.63	497,303
Open Space	6	106	220,700
Total of all land Classified land	104	5,437.98	2,332,937



Resources for Information

Maine Revenue Service website:
www.maine.gov/revenue/

Bulletin # 19 Tree Growth Tax Law

Bulletin # 20 Farmland Tax Law

Bulletin # 21 Open Space Tax Law

The Assessor
kscammon@auburnmaine.gov

Do Not Forget



April 1 is the hard deadline for submitting application to the Assessor's Office



Penalties can be substantial upon removal from the program



There may be an associated cost to putting the land in a special land use classification



The Assessing Department is happy to answer any questions and help you through the process



Thank you!