

MAINE STATE LEGISLATURE

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STATE OF MAINE
HOUSE OF REPRESENTATIVES
110TH LEGISLATURE
FIRST REGULAR SESSION

(Filing No. H-8)

COMMITTEE AMENDMENT "A" to H.P. 87, L.D. 80, Bill, "AN ACT to Repeal the Law Requiring a Taxable Year of April to April for Real Estate Taxes which are Prorated between Seller and Purchaser of Real Estate."

Amend the Bill by striking out all of the title and inserting in its place the following: 'AN ACT to Permit Flexibility in the Prorating of Real Estate Taxes between Sellers and Purchasers of Real Estate.'

Further amend the Bill by striking out everything after the enacting clause and inserting in its place the following:

'36 MRSA §558 is repealed and the following enacted in its place:

§558. Taxes prorated between seller and purchaser

A purchaser of real estate may agree with the previous owner or party to whom the real estate was formerly taxed to pay the pro rata or proportional share of taxes. Unless otherwise specified by the parties to the agreement, the taxes shall be prorated over the period of the fiscal year of the municipality in which the land is located.'

Statement of Fact

This section of the tax code provides that the taxable year shall be from April to April whenever a purchaser of real estate agreed with the previous owner to pay a pro rata share of the taxes regardless of the fiscal year of the municipality

and regardless of the fiscal period covered. It presented no particular problem until the various municipalities began changing the dates of their fiscal years. Since that time, there appears to be a tremendous amount of confusion among real estate brokers and attorneys as to the implementation of this section. This bill would permit the parties to specify their own period for prorating the taxes. Otherwise the period will be the fiscal year of the municipality in which the land is located.

Reported by the Committee on Taxation
Reproduced and distributed under the direction of the Clerk
of the House.

2/5/81

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