

MAINE STATE LEGISLATURE

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1 FIRST REGULAR SESSION
2

3 ONE HUNDRED AND TWELFTH LEGISLATURE
4

5 Legislative Document

No. 285

6
7 H.P. 244

House of Representatives, January 30, 1985

8 Reference to the Committee on Taxation suggested and ordered printed.

9 EDWIN H. PERT, Clerk

10 Presented by Representative Cashman of Old Town.

Cosponsored by Senator Diamond of Cumberland.

11
12 STATE OF MAINE
13

14 IN THE YEAR OF OUR LORD
15 NINETEEN HUNDRED AND EIGHTY-FIVE
16

17 AN ACT to Change the Way the Maximum Rate of
18 Interest on Delinquent Taxes is
19 Calculated.
20

21 Be it enacted by the People of the State of Maine as
22 follows:

23 36 MRSA §505, sub-§4, as amended by PL 1983, c.
24 480, Pt. A, §40, is further amended to read:

25 4. When interest collected. The date or dates
26 from and after which interest shall accrue, which
27 shall also be the date or dates on which taxes shall
28 become delinquent. The rate of interest shall be
29 specified in the vote and shall apply to delinquent
30 taxes committed during the taxable year until those
31 taxes are paid in full. The rate of interest shall
32 not exceed the ~~highest conventional~~ rate of interest
33 charged for ~~commercial unsecured loans~~ by Maine bank-
34 ing institutions on the first business day of the
35 calendar year the vote is taken permitted by Title
36 9-A, section 2-201, subsection 2, paragraph B. The

1 highest conventional rate of interest charged for
2 commercial unsecured loans by Maine banking institu-
3 tions on the first business day of each calendar year
4 shall be determined in his best judgment by the The
5 Treasurer of State, ~~who~~ shall send a written notice
6 of such rate of interest on or before January 20th of
7 each year to the chief municipal officer of each mu-
8 nicipality. The interest shall be added to and become
9 part of the taxes.

10 STATEMENT OF FACT

11 This bill provides that the maximum rate of in-
12 terest for delinquent income and property taxes shall
13 be the same as the maximum rate of interest on unpaid
14 credit card balances. The purposes are:

15 1. To provide a more consistent rate of interest
16 for tax collectors and taxpayers to more easily cal-
17 culate amounts of back taxes due. The rate currently
18 changes every year; and

19 2. To bring the interest amount that the State
20 and municipalities may charge for delinquent taxes in
21 line with amounts charged by credit companies for un-
22 paid revolving charges. Some taxpayers are waiting
23 until the last minute to pay taxes, knowing that the
24 interest rate on their delinquent taxes is lower than
25 on other credit balances, forcing the public to bor-
26 row in anticipation of taxes, at high interest rates,
27 thus adding to the cost of providing government ser-
28 vices.

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