

MAINE STATE LEGISLATURE

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FIRST REGULAR SESSION

ONE HUNDRED AND THIRTEENTH LEGISLATURE

Legislative Document

NO. 727

H.P. 543 House of Representatives, March 12, 1987
Reported by Representative MITCHELL from the Municipal
Land Banks Study Committee pursuant to Private and Special
Laws 1985, Chapter 119.

EDWIN H. PERT, Clerk

STATE OF MAINE

IN THE YEAR OF OUR LORD
NINETEEN HUNDRED AND EIGHTY-SEVEN

1 AN ACT Enabling Municipalities to Establish
2 Municipal Land Banks Funded by a Local
3 Option Real Estate Transfer Tax.
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5 Be it enacted by the People of the State of Maine as
6 follows:

7 36 MRSA c. 712-A is enacted to read:

8 CHAPTER 712-A

9 LOCAL OPTION REAL ESTATE TRANSFER TAX

10 §4661. Local option real estate transfer tax

11 A municipality adopting a municipal land bank
12 pursuant to this chapter may impose a real estate
13 transfer tax on the transferor and the transferee of

1 real estate according to the following procedures and
2 limitations.

3 1. Referendum. A local real estate transfer tax
4 may be imposed by a municipality if it is approved by
5 a referendum conducted according to the provisions of
6 Title 30, section 2061.

7 2. Rate of tax. The referendum question shall
8 specify the rate of the tax which may not exceed 0.4%
9 of the taxable base of the property subject to the
10 tax.

11 3. Taxable base. The base to which the tax is
12 applied is the amount subject to tax under chapter
13 711-A, less \$77,000 if the property subject to the
14 tax is the primary residence of the transferor or
15 will be the primary residence of the transferee.
16 Transfers which are exempt from the tax under chapter
17 711-A are also exempt from the tax authorized by this
18 chapter.

19 4. Liability. The transferor of property is li-
20 able for 1/2 of the tax. The transferee is liable
21 for the remaining 1/2 of the tax.

22 5. Notification. Each municipality adopting a
23 local real estate transfer tax under this chapter
24 shall notify the registrar of deeds of the county in
25 which the municipality is located and the State Tax
26 Assessor at least 60 days prior to the effective date
27 of the tax.

28 6. Collection. The tax shall be collected by
29 the registrar of deeds at the same time as the tax
30 imposed under chapter 711-A. The registrar shall pay
31 to each municipality, imposing a tax under this chap-
32 ter, the amount attributable to that municipality.
33 Payments shall be made at the same time as payments
34 of the state real estate transfer tax are made to the
35 State Tax Assessor.

36 7. Use of revenues. All revenues received by a
37 municipality from the tax authorized by this chapter
38 shall be deposited in a municipal land bank account
39 and may be used only for the purposes permitted under
40 this chapter.

1 8. Failure to pay the tax. Failure to pay the
2 tax provided by this chapter will result in a penalty,
3 in addition to the tax, equal to the amount of
4 the tax and interest at the rate determined pursuant
5 to section 186. Penalties and interest due under
6 this chapter shall be paid to the municipality in
7 which the tax is due. Penalties and interest may be
8 recovered by the municipality in a civil suit.

9 §4662. Municipal land bank

10 A municipality imposing a local real estate
11 transfer tax shall establish a municipal land bank.

12 1. Referendum. The municipal land bank must be
13 approved by referendum according to the provisions of
14 Title 30, section 2061. It may be approved as part
15 of the referendum adopting a local real estate trans-
16 fer tax or as a separate measure.

17 2. Administration. The referendum shall provide
18 that the municipal land bank will be administered by
19 a commission and shall specify number, qualifica-
20 tions, terms of office and powers and duties of com-
21 mission members.

22 3. Limitations. Funds in a municipal land bank
23 are restricted to the following uses:

24 A. Acquisition or management of interests in
25 land within the municipality for the purposes of:

26 (1) Preserving it in an undeveloped state;

27 (2) Conserving natural or scenic resources
28 or preserving wildlife habitat; or

29 (3) Maintaining or improving recreational
30 opportunities within the municipality; or

31 B. Any other purposes which are incidental to
32 the purposes permitted by this section, including
33 administrative costs and the costs of employing
34 staff, but not including costs of maintaining or
35 improving land.

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STATEMENT OF FACT

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This bill is the recommendation of the Municipal Land Bank Study Committee as a result of its study of the need for municipal land banks and preferred methods of funding.

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This bill permits a municipality to impose a local real estate transfer tax for the purpose of funding a municipal land bank. The municipality will be required to hold a referendum on imposition of the tax. The tax will be limited to 0.4% of the taxable base of property transferred within the municipality to be paid 1/2 by the transferor and 1/2 by the transferee. The first \$77,000 of the value of primary residences would be exempt from the tax. The tax will be collected by the county registrars of deeds at the same time as the state real estate transfer tax. Revenues obtained through a local real estate transfer tax will be restricted to the acquisition or management of land for the purposes of preserving undeveloped land, conserving natural or scenic resources or wildlife habitat, maintaining or improving recreational opportunities or other incidental purposes, including administrative costs, but not including maintenance or improvements.

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