

MAINE STATE LEGISLATURE

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114th MAINE LEGISLATURE

FIRST REGULAR SESSION - 1989

Legislative Document

No. 422

H.P. 308

House of Representatives, February 23, 1989

Reference to the Committee on Taxation suggested and ordered printed.

A handwritten signature in cursive script that reads "Ed Pert".

EDWIN H. PERT, Clerk

Presented by Representative MITCHELL of Freeport.

Cosponsored by Representative MAYO of Thomaston, Senator CLARK of Cumberland and Senator HOLLOWAY of Lincoln.

STATE OF MAINE

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

**An Act to Establish Municipal Land Banks to be Funded by a Real
Estate Transfer Tax.**



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

3 36 M.R.S.A. c. 712 is enacted to read:

5
7 CHAPTER 712

9 LOCAL OPTION REAL ESTATE TRANSFER TAX

11 §4661. Local option real estate transfer tax

13 A municipality adopting a municipal investment and land bank
15 pursuant to this chapter may impose a real estate transfer tax on
both the transferor and the transferee of real estate according
to the following procedure and limitations.

17 1. Referendum. A local option real estate transfer tax may
19 be imposed by a municipality if it is approved by a referendum
conducted according to Title 30-A, section 2528.

21 2. Rate of tax. The referendum question shall specify the
23 rate of the tax which may not exceed 0.4% of the taxable base of
the property subject to the tax.

25 3. Taxable base. The base to which the tax is applied is
27 the amount subject to tax under chapter 711-A less \$77,000 if the
property subject to the tax is the primary residence of the
29 transferor or will be the primary residence of the transferee.
Transfers which are exempt from the tax under chapter 711-A are
31 also exempt from the tax authorized by this chapter.

33 4. Liability. The transferor of property is liable for 1/2
of the tax. The transferee is liable for the remaining 1/2.

35 5. Payment. The tax shall be paid to the municipal tax
37 collector within 30 days of the transfer of property.

39 6. Lien. If the tax is not paid within 30 days of the
transfer, the municipality may establish and enforce a lien in
41 the same manner as a lien pursuant to Title 38, section 1208.

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

47 8. Failure to pay the tax. Any person who fails to pay the
49 tax provided by this chapter shall be subject to a penalty, in
addition to the tax, equal to the amount of the tax and interest
51 at the rate determined pursuant to section 186. Penalties and
interest due under this chapter shall be paid to the municipality

1 in which the tax is due. Penalties and interest may be recovered
2 by the municipality in a civil suit.

3

4 §4662. Municipal investment and land bank

5

6 A municipality imposing a local option real estate transfer
7 tax shall establish a municipal investment and land bank and
8 shall previously have adopted a comprehensive plan pursuant to
9 the requirements of Title 30-A, chapter 191, subchapter I.

10 1. Referendum. The municipal investment and land bank must
11 be approved by referendum according to the provisions of Title
12 30-A, section 2528. It may be approved as part of the referendum
13 adopting a local option real estate transfer tax or as a separate
14 measure.

15 2. Administration. The referendum shall provide that the
16 municipal investment and land bank be administered by a
17 commission and shall specify number, qualifications, terms of
18 office and powers and duties of commission members.

19

20 3. Limitation. Funds in a municipal investment and land
21 bank are restricted to the following uses:

22

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

25

26 (1) Preserving it in an undeveloped state;

27

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

30

31 (3) Maintaining or improving recreational
32 opportunities within the municipality;

33

34

35

36 B. Capital investments for the development of affordable
37 housing for municipal residents. The term "affordable
38 housing" means decent, safe and sanitary dwellings,
39 apartments or other living accommodations for households
40 making 80% of the median household income as determined by
41 the Department of Economic and Community Development;

42

43

44 C. Creation of new or expansion of existing public
45 facilities to accommodate growth. Public facilities may
46 include, without limitation, sewage and treatment
47 facilities, municipal water facilities, solid waste
48 facilities, fire protection facilities, roads and traffic
49 control devices, parks and other open space or recreational
areas and any other facility which benefits the public; and

50

