

# MAINE STATE LEGISLATURE

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# 115th MAINE LEGISLATURE

## FIRST REGULAR SESSION-1991

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Legislative Document

No. 1318

H.P. 921

House of Representatives, March 26, 1991

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 Senator MILLS of Oxford, Representative COLES of Harpswell and Representative HOGLUND of Portland.

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STATE OF MAINE

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IN THE YEAR OF OUR LORD  
NINETEEN HUNDRED AND NINETY-ONE

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**An Act to Establish Municipal Land Banks.**

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

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

CHAPTER 712-A

LOCAL OPTION REAL ESTATE TRANSFER TAX

§4661. Local option real estate transfer tax

A municipality adopting a municipal investment and land bank 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.

1. Referendum. A local option real estate transfer tax may be imposed by a municipality if it is approved by a referendum conducted according to Title 30-A, section 2528, subsection 5.

2. Rate of tax. The referendum question must specify the rate of the tax that may not exceed 0.4% of the taxable base of the property subject to the tax.

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

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

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

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

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

8. Failure to pay the tax. A person who fails to pay the tax provided by this chapter is subject to a penalty, in addition to the tax, equal to the amount of the tax and interest at a rate determined pursuant to section 186. Penalties and interest due under this chapter are paid to the municipality in which the tax is due. Penalties and interest may be recovered by the municipality in a civil suit.

2 §4662. Municipal investment and land bank

4 A municipality imposing a local option real estate transfer  
6 tax must establish a municipal investment and land bank and must  
8 previously have adopted a comprehensive plan pursuant to the  
10 requirements of Title 30-A, chapter 187.

12 1. Referendum. The municipal investment and land bank must  
14 be approved by referendum according to the provisions of Title  
16 30-A, section 2528, subsection 5. It may be approved as part of  
18 the referendum adopting a local option real estate transfer tax  
20 or as a separate measure.

22 2. Administration. The referendum must provide that the  
24 municipal investment and land bank be administered by a  
26 commission and must specify number, qualifications, terms of  
28 office and powers and duties of commission members.

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

34 A. Acquisition or management of interests in land in the  
36 municipality for the purposes of:

38 (1) Preserving it in an undeveloped state;

40 (2) Conserving natural or scenic resources or  
42 preserving wildlife habitat; or

44 (3) Maintaining or improving recreational  
46 opportunities in the municipality;

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

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

D. Any other purposes that are incidental to the purposes  
permitted by this section, including administrative costs  
and the costs of employing staff, but not including costs of  
maintaining or improving recreation or open space land.

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## STATEMENT OF FACT

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6 This bill permits a municipality to impose a local real  
estate transfer tax for the purpose of funding a municipal  
investment and land bank. The municipality must adopt a  
8 comprehensive plan under the relevant provisions of the Maine  
Revised Statutes, Title 30-A. The municipality is also required  
10 to hold a referendum on imposition of the tax. The tax is  
limited to 0.4% of the taxable base of property transferred in  
12 the municipality to be paid 1/2 by the transferor and 1/2 by the  
transferee. The first \$77,000 of the value of the primary  
14 residences is exempt from the tax. The tax will be collected by  
the county registrar of deeds at the same time as the state real  
16 estate transfer tax.

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Under the bill, revenues obtained through a local real  
estate transfer tax are restricted to the acquisition or  
20 management of land for the purposes of preserving undeveloped  
land, conserving natural or scenic resources or wildlife habitat,  
22 maintaining or improving recreational opportunities, providing  
affordable housing, making needed investments in local  
24 infrastructure or other incidental purposes, including  
administrative costs, but not land maintenance.