

MAINE STATE LEGISLATURE

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119th MAINE LEGISLATURE

FIRST REGULAR SESSION-1999

Legislative Document

No. 1157

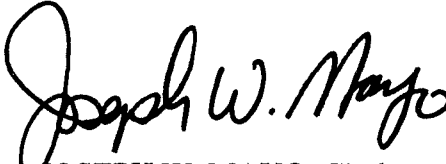
H.P. 834

House of Representatives, February 9, 1999

An Act to Ensure the Payment of Real Estate Taxes on Transferred Property.

(EMERGENCY)

Reference to the Committee on Taxation suggested and ordered printed.


JOSEPH W. MAYO, Clerk

Presented by Representative GOODWIN of Pembroke.

2 **Emergency preamble.** Whereas, Acts of the Legislature do not
become effective until 90 days after adjournment unless enacted
as emergencies; and

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6 **Whereas,** April 1st is the date each year upon which
assessors determine who the owners of real estate are for the
purpose of assessing property taxes; and

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10 **Whereas,** a better accounting of responsibility for property
tax payments needs to occur between buyers and sellers at the
time of real estate transfers; and

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14 **Whereas,** a change in law to effect this better accounting
should happen in time for the April 1st assessments; and

16 **Whereas,** in the judgment of the Legislature, these facts
create an emergency within the meaning of the Constitution of
Maine and require the following legislation as immediately
necessary for the preservation of the public peace, health and
safety; now, therefore,

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

24 **Sec. 1. 36 MRSA §558,** as repealed and replaced by PL 1981, c.
23, is amended to read:

26 **§558. Taxes prorated between seller and purchaser**

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30 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 must
be prorated over the period of the fiscal year of the
municipality in which the land is located.

36 At the time of delivery of the deed to the purchaser in a
real estate transfer, the previous owner or party to whom the
real estate was formerly taxed shall pay the taxes due in full or
post a bond in the amount of taxes due in the municipality in
which the real estate is located. If the new owner of the real
estate is to pay a share of taxes under this section, the new
owner shall, upon delivery of the deed, notify the municipality
of the real estate transfer and that the new owner will pay the
share of taxes agreed upon by the parties or required by this
section. Upon the new owner's payment of the new owner's share
of taxes, the municipality shall reimburse or return to the
previous owner or party to whom the real estate was formerly
taxed an amount of the taxes paid or bond posted equal to the
amount paid by the new owner.

2 **Emergency clause.** In view of the emergency cited in the
preamble, this Act takes effect when approved.

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SUMMARY

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This bill requires the seller of real estate at the time of
the closing to pay or post a bond in the amount of property taxes
due. After the closing, the new owner of the real estate must
notify the municipality of the share of taxes the new owner will
pay. When that share is paid, the municipality must reimburse
the previous owner for that share payment.

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