

MAINE STATE LEGISLATURE

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120th MAINE LEGISLATURE

SECOND REGULAR SESSION-2002

Legislative Document

No. 2166

H.P. 1661

House of Representatives, March 12, 2002

**An Act to Provide Flexibility in the Rate of Interest Charged on
Delinquent Taxes.**

(AFTER DEADLINE)

(EMERGENCY)

Approved for introduction by a majority of the Legislative Council pursuant to Joint Rule
205.

Reference to the Committee on Taxation suggested and ordered printed.

Millicent M. MacFarland

MILLICENT M. MacFARLAND, Clerk

Presented by Representative SULLIVAN of Biddeford.

Cosponsored by Representatives: LAVERRIERE-BOUCHER of Biddeford, McGOWAN of
Pittsfield, WATSON of Farmingdale, Senator: GAGNON of Kennebec.

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

4
6 **Whereas,** the current rate of interest charged on delinquent
property taxes is so low that it does not serve as a deterrent to
paying property taxes late; and

8
10 **Whereas,** the failure to pay property taxes on time causes
municipalities hardship through the loss of expected revenue; and

12 **Whereas,** the tax year for many municipalities begins in
April or May; action after that date would not be in time for the
upcoming tax year; 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 §505, sub-§4,** as amended by PL 1983, c. 480,
Pt. A, §40, is repealed and the following enacted in its place:

26 **4. When interest collected; rate.** The date or dates from
28 and after which interest accrues, which also is the date or dates
30 on which taxes become delinquent. The rate of interest must be
32 specified in the vote and apply to delinquent taxes committed
during the taxable year until those taxes are paid in full. The
rate of interest may not exceed the greater of:

34 A. The interest rate charged the previous property tax year
by that municipality on delinquent taxes; and

36 B. The highest conventional rate of interest charged for
38 commercial unsecured loans by banking institutions in the
State on the first business day of the calendar year the
40 vote is taken. The highest conventional rate of interest
42 charged for commercial unsecured loans by banking
institutions in the State on the first business day of each
44 calendar year must be determined in the best judgment of the
Treasurer of State, who shall send a written notice of that
46 rate of interest on or before January 20th of each year to
the chief municipal officer of each municipality.

48 The interest must be added to and become part of the taxes.

