

MAINE STATE LEGISLATURE

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121st MAINE LEGISLATURE

FIRST REGULAR SESSION-2003

Legislative Document

No. 261

S.P. 95

In Senate, January 23, 2003

**An Act To Require Disclosure Statements Regarding Proration of
Property Taxes When Real Estate is Sold**

Reference to the Committee on Taxation suggested and ordered printed.

A handwritten signature in cursive script that reads "Joy J. O'Brien".

JOY J. O'BRIEN
Secretary of the Senate

Presented by Senator KNEELAND of Aroostook.
Cosponsored by Representative FISCHER of Presque Isle and
Representative: WOTTON of Littleton.

2
3 **Be it enacted by the People of the State of Maine as follows:**

4 **Sec. 1. 36 MRSA §558**, as repealed and replaced by PL 1981, c.
5 23, is amended to read:

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

7
8 A purchaser of real estate may agree with the previous owner
9 or party to whom the real estate was formerly taxed to pay the
10 pro rata or proportional share of taxes. Unless otherwise
11 specified by the parties to the agreement, the taxes shall must
12 be prorated over the period of the fiscal year of the
13 municipality in which the land is located. With respect to a
14 real estate transaction in which all of the funds known to be
15 necessary or reasonably necessary to fulfill the proration
16 agreement are not secured at the time of sale in an escrow
17 account established within a financial institution, a disclosure
18 statement clearly defining the terms of the proration agreement
19 and the financial obligation of the seller and the purchaser to
20 pay in full their respective property tax charges for the subject
21 property during the tax year current to the date of sale must be
22 prepared by the seller and provided to the purchaser at the time
23 of sale.

24
25
26 **SUMMARY**

27
28 This bill requires a person selling real estate to provide
29 to the purchaser a disclosure statement at the time of sale
30 clearly defining the terms of the proration agreement and the
31 respective property tax obligations of the purchaser and seller
32 in order to completely fulfill the property tax obligation,
33 unless all of the funds necessary to fulfill the proration
34 agreement are secured at the time of sale in an escrow account.