

MAINE STATE LEGISLATURE

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122nd MAINE LEGISLATURE

SECOND REGULAR SESSION-2006

Legislative Document

No. 1857

H.P. 1297

House of Representatives, January 3, 2006

An Act To Clarify Municipal Valuations of Resort Property

Approved for introduction by a majority of the Legislative Council pursuant to Joint Rule 203.

Received by the Clerk of the House on December 28, 2005. Referred to the Committee on Taxation pursuant to Joint Rule 308.2 and ordered printed pursuant to Joint Rule 401.

Millicent M. MacFarland
MILLICENT M. MacFARLAND
Clerk

Presented by Representative DUPLESSIE of Westbrook.
Cosponsored by Representatives: CLOUGH of Scarborough, KOFFMAN of Bar Harbor,
Senators: COURTNEY of York, DAMON of Hancock, MAYO of Sagadahoc, PERRY of
Penobscot.

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

2
4 **Sec. 1. 33 MRSA §593, sub-§2**, as amended by PL 1987, c. 358,
§1, is repealed and the following enacted in its place:

6 **2. Time-share estates taxed proportionately as residential**
7 **condominium units.** Each time-share estate constitutes for all
8 purposes a separate estate in real property, except that a
9 municipality shall assess property tax only on the real property
10 value of the time-share estate. For this purpose, a municipality
11 shall assess property tax on each unit in which time-share
12 estates have been created in the same manner as if it were a
13 residential condominium unit owned by a single taxpayer. The
14 managing entity shall divide the tax assessment proportionately
15 among the individual time-share estates based on the method by
16 which costs are allocated to them under the project instrument.
17 Each time-share owner shall pay the real estate tax assessed
18 against that owner's time-share estate. No later than January
19 31st of each year, the managing entity shall certify to the tax
20 collector of the municipality in which the time-share property is
21 located the names and addresses of the time-share owners, the
22 units to which their time-share estates pertain and their
23 respective percentages for sharing in the payment of the taxes
24 assessed against the time-share property.

26 **Sec. 2. 33 MRSA §593, sub-§4**, as amended by PL 1991, c. 197,
§1, is repealed and the following enacted in its place:

28 **4. Receipt of tax bills; collection of money for taxes.**
29 Each municipality shall deliver to the managing entity of a
30 time-share property the bills for taxes assessed against units in
31 which time-share estates have been created. The managing entity
32 shall act as agent on behalf of the time-share owners for the
33 purposes of receiving the tax bills and collecting money for
34 taxes from those owners. The managing entity shall maintain an
35 escrow account and pay the taxes as provided in subsection 5.

38 **Sec. 3. 33 MRSA §593, sub-§5**, as amended by PL 2003, c. 229,
§1, is repealed and the following enacted in its place:

40 **5. Escrow account.** The managing entity shall maintain an
41 escrow account with a financial institution licensed by the State
42 and deposit any money collected for taxes in the escrow account
43 within 10 days after collection. The escrow account must be
44 established in the names of both the managing entity and the
45 municipality in which the time-share property is located. A
46 withdrawal may not be made from the escrow account without the
47 written agreement of the municipality.
48

2 Prior to the delinquency date established by the municipality in
3 which the time-share property is located, the managing entity
4 shall pay to the municipal tax collector all money deposited in
5 the escrow account for the purpose of tax payment. If the amount
6 paid from the escrow account is not sufficient to discharge all
7 taxes and tax-related costs, due and owing, the managing entity
8 shall provide the municipality with a list identifying the
9 time-share owners who have not fully paid their tax obligations.
10 The municipal tax collector may then proceed to collect the taxes
11 against those time-share owners and their estates as allowed by
12 the lien procedure described in Title 36, sections 942, 942-A and
13 943.

14 **Sec. 4. Application.** This Act applies to taxes assessed based
15 on the status of property on or after April 1, 2006.
16

18 SUMMARY

20 This bill clarifies and simplifies the assessment and
21 collection of real estate taxes on time-share estates. The bill
22 provides that, although each time-share estate constitutes a
23 separate estate in real property, tax assessments of time-share
24 estates must be based on the real estate value of the unit of
25 which the time-share estates are a part and must be calculated in
26 the same manner as if the unit were a residential condominium
27 unit owned by a single taxpayer. The tax obligation is then
28 divided proportionately among the time-share owners based on the
29 instruments governing the time-share property.
30

31 This bill also requires municipalities to bill the managing
32 entity of the time-share property as agent for the time-share
33 owners for tax assessments on their time-share estates. The
34 managing entity must collect the taxes paid by the time-share
35 owners and place the money into an escrow account. The money in
36 the account is then paid to the municipality. The managing
37 entity is required to certify to the municipality the names of
38 time-share owners who fail to pay their real estate taxes. The
39 municipality may place a tax lien on the time-share estate of any
40 delinquent time-share owner.