

# MAINE STATE LEGISLATURE

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# 123rd MAINE LEGISLATURE

## FIRST REGULAR SESSION-2007

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Legislative Document

No. 786

H.P. 602

House of Representatives, February 15, 2007

### **An Act To Establish the Maine Land Bank and Community Preservation Program**

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Reference to the Committee on Taxation suggested and ordered printed.

*Millicent M. MacFarland*  
MILLICENT M. MacFARLAND  
Clerk

Presented by Representative PERCY of Phippsburg.

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

2 **CONCEPT DRAFT**  
3 **SUMMARY**

4 This bill is a concept draft pursuant to Joint Rule 208.

5 This bill proposes to create a land bank program to provide tax relief to property  
6 owners in the State who pledge to retain their residential property or maintain the use of  
7 their commercial property for at least 5 years. The program requires an amendment to the  
8 Constitution of Maine, Title IX, Section 8 concerning the taxation of real estate according  
9 to its just value. The program is similar to the Maine Tree Growth Tax Law, and the  
10 program's elements include:

11 1. An owner of real property in the State regardless of residency is eligible for  
12 participation in the program;

13 2. The property for which the relief is given is separated into 3 classes: primary  
14 residence, secondary residence and commercial property;

15 3. Tax relief for a property that is a primary residence is determined based upon  
16 criteria such as how long the property has been owned by the owner or the owner's  
17 immediate family, the size of the property and whether the owner is self-employed and  
18 works from the property;

19 4. Tax relief for a property that is a secondary residence is determined based upon  
20 criteria such as how long the property has been owned by the owner or the owner's  
21 immediate family, the size of the property, whether the property has seasonal or year-  
22 round use and utilities and its valuation;

23 5. Tax relief for a commercial property is determined based upon criteria such as  
24 how long the property has been owned by the owner or owner's immediate family, how  
25 long the business has been operated in the same manner, the size of the property and the  
26 nature of the ownership such as sole proprietorship, closely held corporation, foreign  
27 corporation or franchise;

28 6. Tax relief is provided based upon an owner's pledge to retain ownership of a  
29 primary or secondary residence or not to allow a change of use of a commercial property  
30 for at least 5 years, which may be renewed in 5-year intervals;

31 7. Tax relief is determined by basing the property's value on a look-back period of 5  
32 years preceding the property's admission into the program and beginning the valuation at  
33 100% using the state-certified ratio for that year and adjusting the value based upon the  
34 criteria for that class of property; and

35 8. The penalty for withdrawing from the program before the end of the 5-year period  
36 is 10% of the capital gains incurred by the transfer of the residential property or change of  
37 use of the commercial property.