MAINE STATE LEGISLATURE

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123rd MAINE LEGISLATURE

FIRST REGULAR SESSION-2007

Legislative Document

No. 1601

H.P. 1123

House of Representatives, March 21, 2007

RESOLUTION, Proposing an Amendment to the Constitution of Maine To Create a Longtime Resident Tax Cap Program

Reference to the Committee on Taxation suggested and ordered printed.

Millicent M. Macfarland MILLICENT M. MacFARLAND Clerk

Presented by Representative CHASE of Wells.
Cosponsored by Senator NASS of York and
Representatives: KNIGHT of Livermore Falls, PILON of Saco, RAND of Portland.

- Constitutional amendment. Resolved: Two thirds of each branch of the Legislature concurring, that the following amendment to the Constitution of Maine be proposed:
- 4 Constitution, Art. IX, §8, first ¶ is amended to read:

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- **Section 8. Taxation.** All taxes upon real and personal estate, assessed by authority of this State, shall be apportioned and assessed equally according to the just value thereof, except as provided in this section.
- Constitution, Art. IX, §8, sub-§6 is enacted to read:
- 9 6. Assessment of homestead based on length of residence; penalty for change. 10 The Legislature has the power to implement a program to provide for the assessment at a 11 fixed rate of real property owned and occupied as the primary residence for at least 10 12 years. The fixed rate of assessment is established as of the date the property is entered 13 into the program. If title to the property is transferred to someone other than a direct 14 relative of the owner, which means a parent, spouse, child or grandchild of the owner, or 15 otherwise removed from the program, the property assumes the just value determined as 16 of April 1st immediately following removal from the program, adjusted to be in 17 conformance with other property not in this program.
- In implementing this subsection, the Legislature shall provide that any change of ownership or other withdrawal from the program, except when the change is occasioned by a transfer to someone other than a direct relative or resulting from the exercise or threatened exercise of the power of eminent domain, must result in the imposition of a minimum penalty as follows:
- A. If the property is removed from the program within the first 5 years of being enrolled, then the penalty is the difference between the taxes that were actually imposed and the taxes that would have been imposed absent this program, interest on that difference and an amount equal to 30% of the most recent tax assessment on that property prior to the date of removal from the program;
- B. If the property is removed from the program after being enrolled for at least 5
 years, but fewer than 10 years, the penalty is the difference between the taxes that
 were actually imposed and the taxes that would have been imposed absent this
 program, interest on that difference and an amount based on the number of years the
 property was enrolled in the program, as provided in this paragraph.
- 33 If the property was in the program for at least 5 years but less than:
- (1) Six years, 25% of the most recent tax assessment on that property prior to the
 date of removal from the program;
- (2) Seven years, 20% of the most recent tax assessment on that property prior to
 the date of removal from the program;
- 38 (3) Eight years, 15% of the most recent tax assessment on that property prior to the date of removal from the program;

1 (4) Nine years, 10% of the most recent tax assessment on that property prior to the date of removal from the program; and

- (5) Ten years, 5% of the most recent tax assessment on that property prior to the date of removal from the program; and
 - C. If the property is removed from the program after being enrolled for at least 10 years, the penalty is the difference between the taxes that were actually imposed and the taxes that would have been imposed absent this program for the 5 years immediately prior to removal from the program and interest on that difference.

The assessed value of property in the program may be adjusted annually on April 1st but only to reflect the assessed value of additions, deletions, improvements to or destruction of the property.

; and be it further

Constitutional referendum procedure; form of question; effective date. Resolved: That the municipal officers of this State shall notify the inhabitants of their respective cities, towns and plantations to meet, in the manner prescribed by law for holding a statewide election, at a statewide election held in the month of November following the passage of this resolution, to vote upon the ratification of the amendment proposed in this resolution by voting upon the following question:

"Do you favor amending the Constitution of Maine to authorize the Legislature to establish a program to fix the rate of assessment on real property that has been the primary residence of its owner for at least 10 years at the same level as imposed on the property as on the date of entry into the program and to impose penalties for the withdrawal or removal of the property from the program, including by sale to a person not directly related to the owner?"

The legal voters of each city, town and plantation shall vote by ballot on this question and designate their choice by a cross or check mark placed within the corresponding square below the word "Yes" or "No." The ballots must be received, sorted, counted and declared in open ward, town and plantation meetings and returns made to the Secretary of State in the same manner as votes for members of the Legislature. The Governor shall review the returns. If it appears that a majority of the legal votes are cast in favor of the amendment, the Governor shall proclaim that fact without delay and the amendment becomes part of the Constitution of Maine on the date of the proclamation; and be it further

Secretary of State shall prepare ballots. Resolved: That the Secretary of State shall prepare and furnish to each city, town and plantation all ballots, returns and copies of this resolution necessary to carry out the purposes of this referendum.

37 SUMMARY

This resolution proposes to amend the Constitution of Maine to authorize the Legislature to create a program, similar to the Maine Tree Growth Tax Law, for real property owned and occupied as a person's primary residence for at least 10 years. Property would receive a fixed assessment equal to the tax assessment in effect at the

time the property was enrolled in the program. If the property was transferred to someone other than the spouse, parent, child or grandchild of the owner or the owner withdrew the property from the program, penalties would apply, including the difference between the taxes actually paid and the taxes that would have been assessed if not for being in the program, interest and a percentage of the most recent tax assessment on that property prior to the date of removal from the program. Upon removal from the program, the property would assume the just value as determined as of the April 1st immediately following withdrawal.

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The only reason the assessed value of property in the program could be changed would be to reflect additions, subtractions or improvements to the property or the destruction of the property.