

**TESTIMONY OF
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DEPARTMENT OF ADMINISTRATIVE AND FINANCIAL SERVICES**

Before the Committee on Housing and Economic Development
Hearing Date: *March 25, 2025*

LD 760 – “*An Act Establishing the Maine Common Interest Ownership Act*”

Senator Curry, Representative Gere, and members of the Committee on Housing and Economic Development – good afternoon, my name is Michael Allen, Associate Commissioner for Tax Policy in the Department of Administrative and Financial Services. I am testifying at the request of the Administration Neither For Nor Against LD 760, “*An Act Establishing the Maine Common Interest Ownership Act.*”

This testimony is limited to the ways in which the bill may affect taxes and tax administration. This is a concept draft bill, the summary of which states that the bill “would establish the Maine Common Interest Ownership Act based on the 2021 version of the Uniform Common Interest Ownership Act,” for which a link is provided. That document is 268 pages long, setting forth the provisions of the model act along with the comments to the sections by the Uniform Law Commission’s Committee that drafted the model Act. There are numerous provisions in the model Act that would affect taxes and tax administration, most prominently Section 1-105, titled Separate Titles and Taxation. That section appears to provide that interests of a unit owner in a cooperative should generally be considered personal property rather than real estate. The language goes onto state that each unit must be considered a separate parcel of real estate, and that there can be no separate tax assessment for common elements of a cooperative if there are no reserved development rights. It is unclear how these provisions would

interact, but there are potential conflicts for the administration and assessment of property tax, particularly for lien and foreclosure proceedings which are different for real versus personal property.

The language also states that a unit owner's ownership interest will be eligible for the Homestead Exemption, despite the language mentioned above stating that it should be treated as personal property. This may conflict or create confusion with existing Maine law, which allows the Homestead Exemption only for *real property* of a cooperative.

It is likely that there are a number of other provisions in the model Act that conflict with, or otherwise interact with, current law property tax provisions. As noted, the proposed uniform act is several hundred pages long. Additional research is required to review and analyze the full language with respect to potential taxation issues.

The Administration looks forward to working with the Committee on the bill; representatives from MRS will be here for the Work Session to provide additional information and respond in detail to the Committee's questions.