

# MAINE STATE LEGISLATURE

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# 132nd MAINE LEGISLATURE

## FIRST SPECIAL SESSION-2025

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Legislative Document

No. 1841

S.P. 724

In Senate, April 30, 2025

### An Act to Modify the Process of Selling Tax-acquired Properties

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Reference to the Committee on Taxation suggested and ordered printed.

A handwritten signature in black ink, appearing to read "D M Grant".

DAREK M. GRANT  
Secretary of the Senate

Presented by Senator MOORE of Washington. (BY REQUEST)  
Cosponsored by Representative LEMELIN of Chelsea and  
Representatives: MINGO of Calais, TUELL of East Machias.

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

2       **Sec. 1. 36 MRSA §943-C, first ¶**, as amended by PL 2023, c. 640, §3, is further  
3 amended to read:

4       Notwithstanding any provision of law to the contrary, after the foreclosure process  
5 under sections 942 and 943 or sections 1281 and 1282 is completed and the right of  
6 redemption has expired, if a municipality chooses to sell to someone other than the former  
7 owner, the municipal officers or their designee shall use the sale process under subsection  
8 3. For the purpose of this section, "former owner" means the owner or owners of record at  
9 the time of foreclosure or, if deceased, the former owner's heirs, devisees or personal  
10 representatives and "tax-acquired property" means real property taken by a municipality  
11 for nonpayment of property taxes. If the municipality agrees to sell the property back to  
12 the former owner, the alternative sale process under this section does not apply. If the sale  
13 to the former owner is not completed, the requirements of this section are reinstated. As  
14 an alternative to the sale process, a former owner may offer a deed in lieu of foreclosure.

15       **Sec. 2. 36 MRSA §943-C, sub-§2**, as amended by PL 2023, c. 640, §3, is repealed  
16 and the following enacted in its place:

17       **2. Notification; appeal.** This subsection establishes notice requirements.

18       A. At least 30 days prior to the foreclosure of the property, the municipal officers or  
19 their designee shall send a notice by United States Postal Service certified mail, return  
20 receipt requested, and first-class mail informing the owner of that property of the  
21 amount of taxes due and the date of the foreclosure. The notice must include any  
22 available property tax relief programs, including poverty abatement programs, and the  
23 option of tendering to the municipality in which the property is located a deed in lieu  
24 of foreclosure.

25       B. Within 30 days after foreclosure, the municipal officers or their designee shall send  
26 a 30-day notice by United States Postal Service certified mail, return receipt requested,  
27 and first-class mail informing the former owner of the foreclosed property of the total  
28 amount required to redeem the property, the manner in which payment may be made  
29 and of the opportunity to tender a release of interest deed.

30       C. At least 90 days prior to listing a property for sale, the municipal officers or their  
31 designee shall send a written notice to the last known address of the former owner, by  
32 United States Postal Service certified mail, return receipt requested, and first-class mail  
33 of the sale process described in subsection 3. The State Tax Assessor shall prepare the  
34 notices that must be used by municipalities to inform former owners of the sale process  
35 provided under subsection 3.

36       **Sec. 3. 36 MRSA §943-C, sub-§3, ¶A**, as amended by PL 2023, c. 640, §3, is  
37 further amended to read:

38       A. ~~List~~ Have the option to sell the property by a sealed bid process or list the property  
39 for sale at the highest reasonable price at which the property is anticipated to sell with  
40 a real estate broker or agent licensed under Title 32, chapter 114 who does not hold an  
41 elected or appointed office in the municipality and is not employed by the municipality;  
42 to manage the sale process. The sale process must require the municipality in which  
43 the property is located to:

(1) Advertise the bid process on the foreclosed property in a newspaper of general circulation in the county in which the property is located for 3 consecutive weeks;

(2) Establish a minimum bid reflecting what is owed to the municipality pursuant to paragraph C;

(3) Require all bids to be sealed;

(4) Award the sale of the property to the highest qualified bidder; and

(5) Pay any excess funds to the former owner of the foreclosed property following the process set forth in this subsection;

**Sec. 4. 36 MRSA §943-C, sub-§3, ¶C**, as amended by PL 2023, c. 640, §3, is further amended by amending subparagraph (5) to read:

(5) Any other expenses incurred by the municipality in selling, maintaining, demolishing or improving the property, including, but not limited to, documented administrative costs and reasonable attorney's fees;

**Sec. 5. 36 MRSA §943-C, sub-§4-A**, as enacted by PL 2023, c. 640, §3, is amended to read:

**4-A. Effect of inability to contract or sell property.** If, after 3 attempts, a municipality is unable to contract with a real estate broker or agent for the sale of the property as described in subsection 3 or the broker or agent is unable to sell the property within 12 months after listing, the municipal officers may sell the property in any manner authorized by the municipality's legislative body, as long as the municipality pays the former owner any excess sale proceeds as calculated in subsection 3, paragraph C. If the municipality elects to use a sealed bid process and the minimum bid is not reached after 3 attempts, the sealed bid process may be conducted without a minimum bid.

**Sec. 6. 36 MRSA §943-C, sub-§7**, as enacted by PL 2023, c. 640, §3, is amended to read:

**7. Retention of tax-acquired property.** If a municipality chooses to retain a tax-acquired property for municipal use or development, the municipality shall procure an appraisal report from an appraiser licensed to provide real estate appraisals in this State showing the value of the tax-acquired property being retained. The appraiser may not hold an elected or appointed office in the municipality or be otherwise employed by the municipality. The municipal officers, after providing the notice required by subsection 8, shall pay the former owner ~~any~~ 10% of the excess sale proceeds as calculated in subsection 3, paragraph C, substituting the value of the tax-acquired property as shown in the appraisal report, which must be prepared within 120 days before the time the excess sale proceeds are paid, for the selling price of the tax-acquired property.

**Sec. 7. 36 MRSA §943-C, sub-§9**, as enacted by PL 2023, c. 640, §3, is amended to read:

**9. Notice by publication.** If the municipality is unable, after reasonable diligence, to locate the former owner of a tax-acquired property in order to send the notice required in subsection 8, the municipality, once a week for 3 consecutive weeks, shall place a notice in a newspaper of general circulation in the county in which the tax-acquired property is located. The notice must include the name of the former owner, a description of the tax-

1 acquired property that was sold, the amount of the excess sale proceeds and the date by  
2 which the excess sale proceeds must be claimed. The municipality may deduct from the  
3 excess funds the cost to publish the notice required by this subsection.

#### 4 SUMMARY

5 This bill amends the municipal sale of foreclosed property process to allow for a deed  
6 in lieu of foreclosure from the delinquent property owner. The bill amends the sale process  
7 to require mandatory notices to the delinquent owner and sets forth a series of actions  
8 required before a municipality can complete its sale of the property. Deductions for the  
9 expenses of the municipality are allowed to be deducted from the funds received from the  
10 sale of foreclosed, tax-acquired property above what the former owner owed the  
11 municipality.