

MAINE STATE LEGISLATURE

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STATE OF MAINE
128TH LEGISLATURE
FIRST SPECIAL, SECOND REGULAR AND SECOND SPECIAL SESSIONS



Summaries of bills, adopted amendments and laws enacted or finally passed

JOINT STANDING COMMITTEE ON TAXATION

October 2018

STAFF:

JULIE JONES, SENIOR LEGISLATIVE ANALYST
OFFICE OF FISCAL AND PROGRAM REVIEW
5 STATE HOUSE STATION
AUGUSTA, ME 04333
(207) 287-1635
<http://legislature.maine.gov/ofpr>

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STATE OF MAINE

128TH LEGISLATURE

FIRST SPECIAL, SECOND REGULAR AND SECOND SPECIAL SESSIONS



LEGISLATIVE DIGEST OF BILL SUMMARIES AND ENACTED LAWS

This *Legislative Digest of Bill Summaries and Enacted Laws* contain summaries of all LDs and adopted amendments and all laws enacted or finally passed during the First Special, Second Regular and Second Special Sessions of the 128th Maine Legislature.

The *Digest* is arranged alphabetically by committee and within each committee by Legislative Document (LD) number. The committee report(s), prime sponsor and lead co-sponsor(s), if designated, are listed below each LD title. All adopted amendments are summarized and listed by paper number. A subject index is included with each committee. An appendix provides a summary of relevant session statistics.

Final action on each LD is noted to the right of the LD title. The following describes the various final actions.

CARRIED OVER..... carried over to a subsequent session of the Legislature
CON RES XXX..... chapter # of constitutional resolution passed by both houses
CONF CMTE UNABLE TO AGREE..... Committee of Conference unable to agree; legislation died
DIED BETWEEN HOUSES..... House & Senate disagreed; legislation died
DIED IN CONCURRENCE..... defeated in each house, but on different motions; legislation died
DIED ON ADJOURNMENT..... action incomplete when session ended; legislation died
EMERGENCY..... enacted law takes effect sooner than 90 days after session adjournment
FAILED, EMERGENCY ENACTMENT or FINAL PASSAGE..... emergency failed to receive required 2/3 vote
FAILED, ENACTMENT or FINAL PASSAGE..... failed to receive final majority vote
FAILED, MANDATE ENACTMENT..... legislation proposing local mandate failed required 2/3 vote
HELD BY GOVERNOR..... Governor has not signed; final disposition to be determined at subsequent session
LEAVE TO WITHDRAW..... sponsor's request to withdraw legislation granted
NOT PROPERLY BEFORE THE BODY..... ruled out of order by the presiding officer; legislation died
INDEF PP..... indefinitely postponed; legislation died
ONTP, ACCEPTED, MAJORITY, MINORITY or REPORT X... ought-not-to-pass report accepted; legislation died
P&S XXX..... chapter # of enacted private & special law
PUBLIC XXX..... chapter # of enacted public law
RESOLVE XXX..... chapter # of finally passed resolve
VETO SUSTAINED..... Legislature failed to override Governor's veto

The effective dates for non-emergency legislation enacted in the First Special, Second Regular or Second Special Sessions of the 128th Legislature are: Monday, February 5, 2018; Wednesday, August 1, 2018; and Thursday, December 13, 2018, respectively. The effective date for legislation enacted as an emergency measure may be found in the enacted law summary for that legislation.

Joint Standing Committee on Taxation

LD 1629

An Act To Protect Homeowners Affected by Tax Lien Foreclosure

PUBLIC 478

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
ESPLING E	OTP-AM	H-771 S-551 DOW D

This bill was carried over from the First Regular Session to the Second Regular Session of the 128th Legislature. This bill was reported out of committee in the Second Regular Session and then carried over to the next special session by joint order S.P. 748.

This bill, which is a Governor's bill, creates a preforeclosure process that municipalities must follow in order to successfully foreclose a tax lien on property of a homeowner 65 years of age or older. The preforeclosure process includes active municipal assistance with an abatement application and mediation if necessary to create a reasonable tax payment plan.

The bill provides that a municipality may not sell property that it has acquired through foreclosure and that is the sole residence of a person 65 years of age or older unless the lien exceeds 50% of the assessed value.

This bill also creates additional provisions concerning the sale of foreclosed property for all homeowners including allowing a homeowner to pay the tax lien with interest and costs before a tax sale; allowing a homeowner to remain in the home until the sale is completed; requiring the use of a real estate broker when the property is sold; and requiring the return to the homeowner of any net proceeds from the sale after adjustment for taxes owed, interest, fees and other allowable costs.

Committee Amendment "A" (H-771)

This amendment replaces the bill and requires a municipal treasurer or the State Tax Assessor, with regard to property in the unorganized territory, within 30 days after recording a tax lien certificate in the registry of deeds to notify the person named on a tax lien mortgage of the right to apply for an abatement and the availability of assistance in applying for an abatement from the municipal treasurer or the State Tax Assessor.

The amendment requires that the notification include information about the availability of assistance to avoid tax lien foreclosure from the Department of Professional and Financial Regulation, Bureau of Consumer Credit Protection.

This amendment provides a process that must be used by municipalities that choose to sell property that was acquired through tax lien foreclosure if the property was formerly eligible for a homestead exemption that was owned by a person who was 65 years of age or older and meets income and assets guidelines the sale of the property is subject to certain requirements. Under this process the municipality must use an independent real estate broker, sell the property for fair market value or the price at which the independent broker thinks the property will sell within six months and return the net proceeds of the sale to the former owner after deduction of the municipality's costs.

The amendment provides funding to municipalities to cover state-mandated costs.

Senate Amendment "D" To Committee Amendment "A" (S-551)

This amendment amends Committee Amendment "A" to:

1. Change the timing of the notice required in Committee Amendment "A" regarding a property owner's right to apply for an abatement and the availability of assistance so that the notice need not be issued separately and instead

Joint Standing Committee on Taxation

must be included with other notice to that property owner;

2. Specify that the income conditions established in Committee Amendment "A" apply after medical expenses have been deducted;
3. Specify that the procedure established for the sale by municipalities of homesteads acquired through tax lien foreclosure applies to properties that had previously received a homestead exemption, rather than to properties that had merely been eligible for the exemption;
4. Require that municipal notice to a former owner of the right to require the sale procedure be sent by first-class mail to the last known address of the former owner;
5. Require documentation from the former owner verifying income and assets;
6. Designate as confidential applications for the procedure for the municipal sale of homesteads acquired through tax lien foreclosure, including supporting information, files, communications and determinations of such applications, and require that hearings on such applications be held in executive session;
7. Specify that the real estate broker with whom the property is listed may not hold an elected or appointed office in the relevant municipality and may not be employed by that municipality;
8. Require the municipality to attempt to contract with at least three such real estate brokers for the sale of the property before retaining, selling or disposing of the property through the tax lien foreclosure process;
9. Specifically include reasonable attorney's fees as part of the amount retained by the municipality after sale of the property; and
10. Provide that a permanent resident of this State who loses ownership of a homestead in this State due to a tax lien foreclosure and subsequently regains ownership of the homestead from the municipality that foreclosed on the tax lien continues to remain eligible for the homestead property tax exemption.

Enacted Law Summary

Public Law 2018, chapter 478 requires a municipal tax collector or the State Tax Assessor, with regard to property in the unorganized territory, to include with the notice to a person named on a tax lien mortgage information relating to the right to apply for an abatement and the availability of assistance in applying for an abatement from the municipal treasurer or the State Tax Assessor. The notice must also include information about the availability of assistance to avoid tax lien foreclosure from the Department of Professional and Financial Regulation, Bureau of Consumer Credit Protection.

This law provides a process that must be used by municipalities that choose to sell property that was acquired through tax lien foreclosure if the property formerly received a homestead exemption that was owned by a person who was 65 years of age or older and meets income and assets guidelines the sale of the property is subject to certain requirements. Under this process the municipality must use an independent real estate broker, sell the property for fair market value or the price at which the independent broker thinks the property will sell within six months and return the net proceeds of the sale to the former owner after deduction of the municipality's costs, including reasonable attorney's fees. If the municipality cannot find an independent real estate broker to sell the property after contacting at least three brokers, the municipality may retain, sell or dispose of the property in the same manner as other property acquired through the tax lien foreclosure process.

The law provides funding to municipalities to cover state-mandated costs.