

MAINE STATE LEGISLATURE

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119th MAINE LEGISLATURE

FIRST REGULAR SESSION-1999

Legislative Document

No. 789

H.P. 568

House of Representatives, January 28, 1999

**An Act to Reduce the Amount of Property Acquired by Municipalities
for Nonpayment of Property Tax.**

Reference to the Committee on Taxation suggested and ordered printed.

A handwritten signature in cursive script that reads "Joseph W. Mayo".

JOSEPH W. MAYO, Clerk

Presented by Representative GLYNN of South Portland.
Cosponsored by Representative GERRY of Auburn.

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

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4 **Sec. 1. 36 MRSA §943-A**, as enacted by PL 1985, c. 364, §2, is repealed and the following enacted in its place:

6 **§943-A. Notice of right to apply for abatement or payment plan**

8 **1. Notice of right to apply.** Each notice under sections 942 and 1281 that is sent by a municipality or the State Tax Assessor to a person against whom taxes have been assessed must contain:

12 **A.** A statement that the person may apply for an abatement of taxes or the establishment of a payment plan if the person can not pay the taxes that have been assessed because of poverty or infirmity;

14 **B.** A statement identifying property tax assistance programs for which the person may be eligible; and

16 **C.** The availability of a payment plan developed by the taxing authority under subsection 2 and a statement that as long as the person is making a good faith effort to pay the delinquent taxes through a payment plan, the taxing authority will work with the person to prevent foreclosure.

18 **2. Payment plan.** Each municipality shall develop a procedure for establishing with a person against whom taxes are assessed and who is unable to pay those taxes a payment plan for delinquent taxes based upon ability to pay. If a payment plan is set administratively, a person against whom the taxes are assessed who believes that the plan is unreasonable may appeal to the municipal officers. The payment plan may include the setoff against delinquent taxes of amounts owed by the municipality to the person against whom taxes are assessed. A payment plan may be assumed by a surviving spouse and may be adjusted according to the surviving spouse's ability to pay.

20 **3. Notice to heirs.** If a person against whom taxes have been assessed dies while occupying residential property against which those taxes have been assessed, the municipality shall make reasonable efforts to notify the heirs within 3 months of the death of the right to develop a schedule for repayment of delinquent taxes in a period not to exceed 2 years.

22 **Sec. 2. 36 MRSA §945-A** is enacted to read:

24 **§945-A. Recovery after foreclosure**

1 1. Notice. A municipality that acquires residential
2 property by foreclosure under this chapter shall notify the
3 former owner of the right to repurchase the property through
4 development with the municipality of a plan for repayment of
5 taxes, interest and associated costs incurred by the municipality
6 based upon the former owner's ability to pay.

8 2. Right of residence. If the former owner or if the
9 former owner dies, the surviving spouse, continues to reside on
10 residential property acquired by foreclosure under this chapter,
11 and is making a good faith effort to repurchase the property
12 through a payment plan arranged with the municipality, the
13 municipality may not sell the property to a 3rd party. A payment
14 plan may be assumed by a surviving spouse and may be adjusted
15 according to the surviving spouse's ability to pay. The payment
16 plan may include the setoff against delinquent taxes of amounts
17 owed by the municipality to the former owner. If the former
18 owner ceases residing on the property, the municipality may sell
19 or otherwise dispose of the property.

20 3. Right to repurchase. At any time before sale of the
21 property by the municipality to a 3rd party, the former owner or
22 the former owner's surviving spouse or heirs may repurchase the
23 property by payment of all delinquent taxes, interest and
24 associated costs incurred by the municipality.

25 4. Recovery of excess gains on sale. If a municipality
26 sells property acquired under this chapter to a 3rd party, the
27 municipality shall pay to the former owner, the former owner's
28 surviving spouse or the former owner's heirs all funds received
29 from the sale after deducting all taxes owed, interest, costs
30 including costs of sale, and any other charges related to the
31 property. If, one year after the death of the former owner, no
32 surviving spouse or heirs have been identified, the municipality
33 may keep all funds received from the sale of the property.

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38 **SUMMARY**

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40 This bill is intended to reduce the amount of residential
41 property acquired by municipalities for nonpayment of taxes by
42 establishing procedures for the development of payment plans both
43 before and after residential property is acquired by a
44 municipality if the person who is delinquent in payment of taxes
45 or that person's surviving spouse continues to reside on the
46 property. Municipalities are required to establish procedures
47 for payment plans and to notify persons who are delinquent of
48 those procedures and the availability of property tax relief
49 programs. The municipality is permitted to set off against
50 delinquent taxes amounts owed by the municipality to the person

2 who is delinquent. A former owner or the former owner's
3 surviving spouse is permitted to buy back the property by payment
4 of delinquent taxes, interest and costs at any time before the
5 property is sold to a 3rd party. Municipalities that sell
6 tax-acquired property are required to pay the funds received in
excess of delinquent taxes, interest and costs to the former
owner or the former owner's surviving spouse or heirs.