MAINE STATE LEGISLATURE

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121st MAINE LEGISLATURE

FIRST REGULAR SESSION-2003

Legislative Document

No. 251

H.P. 206

House of Representatives, January 23, 2003

An Act Concerning Tax-acquired Property

Reference to the Committee on Taxation suggested and ordered printed.

Millicent M. Macfarland
MILLICENT M. MacFARLAND
Clerk

Presented by Representative GLYNN of South Portland.

Be it enacted by the People of the State of Maine as follows:	
re	Sec. 1. 36 MRSA §943-A, as enacted by PL 1985, c. 364, §2, is epealed and the following enacted in its place:
§943-A. Notice of right to apply for abatement or payment plan	
	1. Notice of right to apply. Each notice under section 942
01	1281 that is sent by a municipality or the State Tax Assessor
to	o a person against whom taxes have been assessed must contain:
	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;
	B. A statement identifying property tax assistance programs
	for which the person may be eligible; and
	C. A statement of 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 delinguent taxes through a payment plan,
	the taxing authority will work with the person to prevent
	foreclosure.
	2. Payment plan. Each municipality shall develop a
01	rocedure for establishing with a person against whom taxes are
a	ssessed and who is unable to pay those taxes a payment plan for
	elinguent taxes based upon ability to pay. If a payment plan is
	et administratively, a person against whom the taxes are
	ssessed who believes that the plan is unreasonable may appeal to
	ne municipal officers. The payment plan may include the setoff
	gainst delinquent taxes of amounts owed by the municipality to
	ne <mark>person against whom taxes are assessed. A payment plan ma</mark> y
	e assumed by a surviving spouse and may be adjusted according to
t]	ne surviving spouse's ability to pay.
	3. Notice to heirs. If a person against whom taxes have
	een assessed dies while occupying residential property against
	hich those taxes have been assessed, the municipality shall make
	easonable efforts to notify the heirs within 3 months of the
	<u>eath of the right to develop a payment plan for repayment of</u>
<u>d</u>	elinquent taxes in a period not to exceed 2 years.
	Soc 2 36 MDSA 8045 A
	Sec. 2. 36 MRSA §945-A is enacted to read:

§945-A. Recovery after foreclosure

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- 1. Notice. A municipality that acquires residential property by foreclosure under this chapter shall notify the former owner of the right to repurchase the property through development with the municipality of a plan for repayment based upon the former owner's ability to pay of taxes, interest and associated costs incurred by the municipality.
- 2. Right of residence. If the former owner or the surviving spouse if the former owner dies continues to reside on residential property acquired by foreclosure under this chapter and is making a good faith effort to repurchase the property through a payment plan arranged with the municipality, the municipality may not sell the property to a 3rd party. A payment plan may be assumed by a surviving spouse and may be adjusted according to the surviving spouse's ability to pay. The payment plan may include the setoff against delinquent taxes of amounts owed by the municipality to the former owner. If the former owner or surviving spouse ceases residing on the property, the municipality may sell or otherwise dispose of the property.
- 3. Right to repurchase. At any time before sale of a property acquired under this chapter by a municipality to a 3rd party, the former owner or the former owner's surviving spouse or heirs may repurchase the property by payment of all delinquent taxes, interest and associated costs incurred by the municipality.
- 4. Recovery of excess gains on sale. If a municipality sells property acquired under this chapter to a 3rd party, the municipality shall pay to the former owner, the former owner's surviving spouse or the former owner's heirs all funds received from the sale after deducting all taxes owed; interest; costs, including costs of sale; and any other charges related to the property. If the former owner dies and one year after the death of the former owner no surviving spouse or heirs have been identified, the municipality may keep all funds received from the sale of the property.

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SUMMARY

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

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