

MAINE STATE LEGISLATURE

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122nd MAINE LEGISLATURE

FIRST REGULAR SESSION-2005

Legislative Document

No. 320

H.P. 244

House of Representatives, January 19, 2005

An Act To Limit Property Acquired by Municipalities due to Tax Delinquency

Reference to the Committee on State and Local Government suggested and ordered printed.

Millicent M. MacFarland
MILLICENT M. MacFARLAND
Clerk

Presented by Representative McKANE of Newcastle.
Cosponsored by Senator SNOWE-MELLO of Androscoggin and
Representatives: CLOUGH of Scarborough, GLYNN of South Portland, LINDELL of
Frankfort, TRAHAN of Waldoboro, TWOMEY of Biddeford.

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

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3 **Sec. 1. 36 MRSA §943-A**, as enacted by PL 1985, c. 364, §2, is
4 repealed and the following enacted in its place: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 section 942
9 or 1281 that is sent by a municipality or the State Tax Assessor
10 to a person against whom taxes have been assessed must contain:

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

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

18 C. A statement of the availability of a payment plan
19 developed by the taxing authority under subsection 2 and a
20 statement that as long as the person is making a good faith
21 effort to pay the delinquent taxes through a payment plan,
22 the taxing authority will work with the person to prevent
23 foreclosure.

24 **2. Payment plan.** Each municipality shall develop a
25 procedure for establishing a payment plan for delinquent taxes
26 based upon ability to pay with a person against whom taxes are
27 assessed and who is unable to pay those taxes. If a person
28 against whom the taxes are assessed believes that the payment
29 plan is unreasonable, that person may appeal to the municipal
30 officers. The payment plan may set off against delinquent taxes
31 amounts owed by the municipality to the person against whom taxes
32 are assessed. A payment plan may be assumed by a surviving
33 spouse and may be adjusted according to the surviving spouse's
34 ability to pay.

35 **3. Notice to heirs.** If a person against whom taxes have
36 been assessed dies while occupying residential property against
37 which those taxes have been assessed, the municipality shall make
38 reasonable efforts to notify the heirs within 3 months of the
39 death of the property owner of the right to develop a payment
40 plan for repayment of delinquent taxes within a period not to
41 exceed 2 years.

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

43 **§945-A. Recovery after foreclosure**

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

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

20 3. Right of occupation of commercial property. If the
commercial property acquired by the municipality by foreclosure
22 under this article is occupied and the person occupying that
property is making a good faith effort to repurchase the property
24 through a payment plan arranged with the municipality pursuant to
section 943-A, the municipality may not sell the commercial
26 property to a 3rd party.

28 4. Right to repurchase. At any time before sale to a 3rd
party of a property acquired under this article by a
30 municipality, the former owner or the former owner's surviving
spouse or heirs may repurchase the property by payment of all
32 delinquent taxes, interest and associated costs incurred by the
municipality.
34

36 5. Recovery of excess gains on sale. If a municipality
sells property acquired under this article to a 3rd party, the
38 municipality shall pay to the former owner, the former owner's
surviving spouse or the former owner's heirs all funds received
40 from the sale after deducting all taxes owed; interest; costs,
including costs of sale; and any other charges related to the
42 property. If the former owner dies and one year after the death
of the former owner no surviving spouse or heirs have been
44 identified, the municipality may keep all funds received from the
sale of the property.
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SUMMARY

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4 This bill is intended to reduce the amount of residential
and commercial property acquired by municipalities for nonpayment
6 of taxes by establishing procedures for the development of
payment plans both before and after the property is acquired by a
municipality. Municipalities are required to establish
8 procedures for payment plans and to notify persons who are
delinquent of those procedures and the availability of property
10 tax relief programs. The municipality is permitted to set off
against delinquent taxes amounts owed by the municipality to the
12 person who is delinquent. If the person who is delinquent in
payment of taxes, or in the case of residential property, that
14 person's surviving spouse, continues to reside on or occupy the
property, then the municipality cannot sell the property to a 3rd
16 party if the person residing on or occupying the residential or
commercial property is making a good faith effort to repurchase
18 the property. A former owner or the former owner's surviving
spouse is permitted to buy back the property by payment of
20 delinquent taxes, interest and costs at any time before the
property is sold to a 3rd party. A municipality that sells a
22 tax-acquired property is required to pay the funds received in
excess of delinquent taxes, interest and costs to the former
24 owner or the former owner's surviving spouse or heirs.