

MAINE STATE LEGISLATURE

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MS

L.D. 626

DATE: 5/31/5

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TAXATION

Report C

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STATE OF MAINE
HOUSE OF REPRESENTATIVES
122ND LEGISLATURE
FIRST SPECIAL SESSION

COMMITTEE AMENDMENT 'B' to H.P. 459, L.D. 626, Bill, "An Act To Require the Net Proceeds from the Sale of a Foreclosed Property To Be Returned to the Former Owner"

Amend the bill by inserting before section 1 the following:

'Sec. 1. 36 MRSA §945-A is enacted to read:

§945-A. Recovery after foreclosure

1. Right to repurchase. At any time before the sale to a 3rd party of a property acquired under this article by a municipality, 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.

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

Further amend the bill in section 1 in that part designated "§949." in subsection 4 in the 2nd line (page 2, line 11 in L.D.) by inserting after the following: "estate" the following: 'or enter into a payment plan under section 945-A'

Further amend the bill by striking out all of section 2 and inserting in its place the following:

'Sec. 2. Appropriations and allocations. The following appropriations and allocations are made.

ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF

Foreclosed Property Mandate Reimbursement (new)

Initiative: Provides funds to reimburse municipalities for 90% of the estimated cost of paying former owners the net proceeds from the sale of their foreclosed property, including funds to cover the cost of the disbursement of excess funds and other administrative costs associated with the postforeclosure payment plans.

GENERAL FUND	2005-06	2006-07
All Other	\$0	\$13,666,500
GENERAL FUND TOTAL	\$0	\$13,666,500'

Further amend the bill by relettering or renumbering any nonconsecutive Part letter or section number to read consecutively.

SUMMARY

This amendment is a minority report of the committee. It provides a right to former owners of property or their heirs to repurchase property that has been acquired by a municipality by foreclosure for nonpayment of taxes before that property is sold to a 3rd party. It also requires the municipality to notify former owners that they may repurchase their property by establishing a repayment plan with the municipality based upon the former owners' ability to pay. The amendment also removes the retroactivity application date from the bill.

FISCAL NOTE REQUIRED
(See attached)



122nd MAINE LEGISLATURE

LD 626

LR 2054(02)

An Act To Require the Net Proceeds from the Sale of a Foreclosed Property To Be Returned to the Former Owner

Fiscal Note for Bill as Amended by Committee Amendment "B"

Committee: Taxation

Fiscal Note Required: Yes

Fiscal Note

	2005-06	2006-07	Projections 2007-08	Projections 2008-09
Net Cost (Savings)				
General Fund	\$0	\$13,666,500	\$14,349,825	\$15,067,316
Appropriations/Allocations				
General Fund	\$0	\$13,666,500	\$14,349,825	\$15,067,316

State Mandate

New or Expanded Activity

The estimated cost of requiring a municipality to disburse excess funds to former owners is estimated to be \$13,500,000 in fiscal year 2006-07. The cost of the administrative aspects of these provisions is estimated to be \$166,500 in fiscal year 2006-07.

Unit Affected

Municipality

Costs

\$13,666,500

Fiscal Detail and Notes

Appropriations are included in the bill to fund 90% of the cost of the mandated provisions.