

MAINE STATE LEGISLATURE

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127th MAINE LEGISLATURE

FIRST REGULAR SESSION-2015

Legislative Document

No. 118

S.P. 51

In Senate, January 22, 2015

**An Act To Authorize Municipalities To Refund Amounts Collected
in Excess of Tax Liens**

(EMERGENCY)

Reference to the Committee on Taxation suggested and ordered printed.

A handwritten signature in cursive script, reading 'Heather J.R. Priest'.

HEATHER J.R. PRIEST
Secretary of the Senate

Presented by Senator McCORMICK of Kennebec.

1 **Emergency preamble. Whereas,** acts and resolves of the Legislature do not
2 become effective until 90 days after adjournment unless enacted as emergencies; and

3 **Whereas,** the property tax year begins April 1st; and

4 **Whereas,** in order to allow municipalities sufficient time to determine whether to
5 refund any excess funds to a former owner of property foreclosed on by a municipality,
6 this legislation needs to take effect as soon as possible; and

7 **Whereas,** in the judgment of the Legislature, these facts create an emergency within
8 the meaning of the Constitution of Maine and require the following legislation as
9 immediately necessary for the preservation of the public peace, health and safety; now,
10 therefore,

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

12 **Sec. 1. 36 MRSA §949** is enacted to read:

13 **§949. Disbursement of excess funds**

14 **1. Authorization to disburse.** A municipality that obtains title to residential real
15 estate under the operation of this article may disburse to the former owner the excess of
16 any funds received from the disposition of that residential real estate.

17 **2. Definitions.** As used in this section, unless the context otherwise indicates, the
18 following terms have the following meanings.

19 **A. "Excess of any funds" means the amount obtained for the disposition of**
20 **residential real estate less:**

21 **(1) All tax liens imposed on the residential real estate by the municipality,**
22 **including interest;**

23 **(2) Fees for recordation and discharge of the lien, as established by Title 33,**
24 **section 751, plus \$13;**

25 **(3) The fee established in section 943 for sending a notice if the notice is actually**
26 **sent, including certified mail, return receipt requested fees;**

27 **(4) Any court costs;**

28 **(5) All expenses incurred in disposing of the residential real estate; and**

29 **(6) Any property taxes that would have been assessed on the property while the**
30 **property was held by the municipality within 180 days of foreclosure.**

31 **B. "Former owner" means a party named on a tax lien mortgage at the time of the**
32 **levy of a tax lien or that party's successors, heirs or assigns.**

33 **3. Unorganized territory.** The obligations of a municipality under this section
34 apply to the State with regard to property in the unorganized territory.

1 **Emergency clause.** In view of the emergency cited in the preamble, this
2 legislation takes effect when approved.

3 **SUMMARY**

4 Under current law, if a municipality forecloses on a parcel of real estate for failure to
5 pay taxes owed on that real estate, the municipality is under no obligation to return any
6 funds that exceed the amount owed in taxes after the sale of the property.

7 This bill authorizes a municipality that forecloses on residential real estate to return
8 the excess funds, after subtracting the tax lien, interest, fees for recording the lien, costs
9 of mailing notice, court costs, taxes that would have been assessed while the property was
10 held by the municipality and any other expenses incurred in disposing of the real estate.