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TAXATION

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**STATE OF MAINE
SENATE
127TH LEGISLATURE
FIRST REGULAR SESSION**

COMMITTEE AMENDMENT “ ” to S.P. 51, L.D. 118, Bill, “An Act To Authorize Municipalities To Refund Amounts Collected in Excess of Tax Liens”

Amend the bill by striking out all of section 1 and inserting the following:

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

§949. Disbursement of excess funds

1. Authorization to adopt ordinance. A municipality that obtains title to property acquired under the operation of this article may, by ordinance, disburse to the former owner the excess of any funds received from the disposition of that property. The ordinance must contain standards governing the disbursement of the excess of any funds and the procedures that protect the interests of the taxpayers of the municipality.

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

A. "Excess of any funds" means the amount obtained by the municipality for the disposition of the property less:

(1) All taxes and interest owed on the property and the amount of taxes and interest that would have been assessed had the property not been acquired by the municipality;

(2) The municipality's cost of the lien and foreclosure process;

(3) The municipality's cost of maintaining and disposing of the property; and

(4) Unpaid sewer, water or other charges and fees imposed by the municipality or a quasi-governmental authority.

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

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

COMMITTEE AMENDMENT

1 Assessor may adopt routine technical rules providing for the disbursement of the excess
2 of any funds received from the disposition of property in the unorganized territory for
3 nonpayment of taxes under chapter 115.

4 **4. Application.** An ordinance or rule adopted under this section may apply to sales
5 of property acquired through the tax lien and foreclosure process occurring on or after
6 January 1, 2015.'

7 **SUMMARY**

8 This amendment provides that disbursement of the excess of any funds acquired for
9 nonpayment of property taxes must be authorized by municipal ordinance or, with regard
10 to the unorganized territory, by rulemaking by the State Tax Assessor. The amendment
11 clarifies the taxes, interest, fees and other costs connected with the disposal of property
12 acquired through the tax lien and foreclosure process that may be retained by the
13 municipality. The amendment also provides that an authorizing ordinance may apply to
14 sales of property acquired through the tax lien and foreclosure process on or after January
15 1, 2015.

16 **FISCAL NOTE REQUIRED**

17 **(See attached)**