



Testimony in Support of LD 2262, “[An Act to Amend the Process for the Sale of Foreclosed Properties Due to Nonpayment of Taxes](#)”

Senator Grohoski, Representative Perry, and distinguished members of the Committee on Taxation, thank you for the opportunity to testify on LD 2262. My name is Jacob Posik and I serve as the Director of Legislative Affairs at Maine Policy Institute, a nonpartisan, nonprofit organization that works to expand individual liberty and economic freedom in Maine. I am testifying on behalf of Maine Policy in **support of LD 2262**.

Maine Policy appreciates the Legislature’s attempts to improve the process for selling foreclosed properties due to nonpayment of taxes to prevent what is known as home equity theft.¹ In the wake of the Supreme Court’s decision in *Tyler v. Hennepin County*, it was clear Maine’s law needed significant modifications to remain compliant.

Maine Policy supports the majority of LD 2262 as written but has concerns about the open-endedness of Section 4-A in the written bill related to the procedures for sale if a broker cannot be located. Maine Policy would prefer to see an auction requirement before a municipality engages in an arms-length transaction. Thus, we offer the following amendment to Section 4-A as outlined below:

4-A. Effect of inability to contract or sell property. If, after 3 attempts, a municipality is unable to contract with a real estate broker for the sale of the property as described in subsection 3 or the broker is unable to sell the property within 6 months after listing, the municipal officers shall hold an auction in compliance with 31 M.R.S. § 1074. If a municipality is unable to sell a property at auction, it may sell the property in an arm’s length transaction, provided the municipality’s legislative body has authorized such a procedure. In the case of an auction or other authorized arm’s length transaction, the municipality shall pay the former owner any excess sale proceeds as calculated in subsection 3, paragraph C.

In addition, Maine Policy believes that excess proceeds should be treated as unclaimed property rather than having them forfeited by the former owner to the town if they fail to claim them within 30 days. Thus, we offer an amendment to Section 10 as outlined below:

10. Unclaimed Proceeds. If, after provision of notice under subsection 9, a former owner fails to claim the excess proceeds within 30 days of the final published notice, the unclaimed surplus proceeds shall be submitted to the Office of the State Treasurer as unclaimed property for the former owner.

With these amendments, Maine Policy is confident that Maine’s procedures for the sale of foreclosed homes would withstand legal, and we offer our **support of LD 2262** with these amendments. Thank you.

¹<https://pacificlegal.org/property-rights/home-equity-theft/>