

**TESTIMONY OF  
MICHAEL J. ALLEN, ASSOCIATE COMMISSIONER FOR TAX POLICY  
DEPARTMENT OF ADMINISTRATIVE AND FINANCIAL SERVICES**

Before the Joint Standing Committee on Taxation  
Hearing Date: *March 12, 2025*

LD 745 – “*An Act to Allow a Municipality to Sell Tax-acquired Property in Any Manner Authorized by the Municipality's Legislative Body*”

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Senator Grohoski, Representative Cloutier, and members of the Taxation Committee – good morning, my name is Michael Allen, Associate Commissioner for Tax Policy in the Department of Administrative and Financial Services. I am testifying at the request of the Administration Against LD 745, “*An Act to Allow a Municipality to Sell Tax-acquired Property in Any Manner Authorized by the Municipality's Legislative Body.*”

As a background, the sale process for tax-acquired real estate that this bill seeks to amend was enacted just last year as part of the Legislature’s consideration of recommendations from a working group convened by MRS pursuant to P.L. 2023, Ch. 358 to help align Maine’s property tax foreclosure process with the U.S. Supreme Court’s decision in *Tyler v. Hennepin County*, 598 U.S. 631 (2023). The *Hennepin County* decision ruled that a property tax taxpayer is constitutionally entitled to the excess proceeds from the sale of a tax-acquired property.

LD 745 provides in relevant part the authorization for a municipality to sell tax-acquired property “in any manner authorized by the municipality’s legislative body.” However, there remain open questions as to the full impact of the U.S. Supreme Court’s *Hennepin County* decision, including how the court’s ruling would apply to situations where a municipality sold a tax-acquired property via some alternative process that did not maximize the selling price or resulted in a

sale at lower than fair market value. There is some concern that allowing an alternative process without trying to sell the property at fair market value may put the municipality at risk of a legal challenge from the former owner.

From a technical perspective, the new proposed subsection states that the new sale process may apply “notwithstanding the sale process described in subsections 2, 3, and 4-A” Subsections 3 and 4-A describe the sale process adopted in 2024, but subsection 2 describes the notification process municipalities must follow before selling a property. It is not clear whether the intent is to allow a municipality to sell a property under this alternative process without notifying the former owner. This should be clarified if the bill were to move forward.

It should also be noted that the bill somewhat overlaps in part with the alternative sale process that is already available in certain circumstances to municipalities under section 943-C, subsection 4-A.

The Administration opposes this bill for the primary reason that is simply too soon to make changes to a law that was just enacted after multiple legislative work sessions incorporating recommendations from a working group consisting of a broad range of stakeholders, especially when the full impacts of the *Hennepin County* decision are not fully understood and are still being litigated in courts across the country. For these reasons, the Administration opposes this bill.

The Administration looks forward to working with the Committee on the bill; representatives from MRS will be here for the Work Session to provide additional information and respond in detail to the Committee’s questions.