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Testimony of the Maine Municipal Association

In Support of,

*LD 2262, An Act to Amend the Process for the Sale of Foreclosed Properties
Due to Nonpayment of Taxes*

March 14, 2024

Senator Grohoski, Representative Perry and distinguished members of the Committee on Taxation, my name is Amanda Campbell, and I am submitting testimony in support of LD 2262 on behalf of the Maine Municipal Association (MMA), and the 70-member Legislative Policy Committee (LPC), who were elected by their colleagues and peers to determine MMA's position on bills of municipal interest.

Representatives from MMA and several municipalities were pleased to serve on the Working Group to Study Equity in the Property Tax Foreclosure Process as directed by LD 101, *An Act to Return to the Former Owner Any Excess Funds Remaining After the Sale of Foreclosed Property* (enacted as P.L. 2023, Ch. 358). The report of that group provides clarity in the changes to procedure that were required because of the United States Supreme Court decision in the case of *Tyler vs. Hennepin County*. The corresponding legislation proposed in LD 2262 streamlines the foreclosure sale procedure for both the property owners and municipal officials. Streamlining and clarifying the sales and notification processes for foreclosing properties creates a more efficient means for municipal officials to effectively execute the final step of a lengthy process. Treasurers and finance directors appreciate that while this bill requires notice of the pending payment of any excess sale proceeds, to the former owner and any interested party of record, they are not required to act as a banking professional or attorney and determine a fair disbursement of those funds to anyone other than the former owner. Provisions to now allow the deduction of "improvements" to the property, before calculating a final excess sale funds payment, allows a municipality to address any issues that may prevent the property from selling at market rate. In addition, the opportunity to maintain any excess funds, only in the event an owner is unable to be located, provides for the municipality to recoup additional lost costs due to the lengthy and time-consuming process of foreclosure.

Tax collectors and treasurers appreciate that a lien foreclosure is a sensitive issue, more so in our smaller communities where everybody knows your name. Despite concerns that municipalities "profit" from a foreclosed property, that idea simply isn't true. No one profits when someone loses their home.

Thank you for your consideration of the municipal perspective.

If you have any questions regarding MMA's position on this bill, or other bills with municipal impact, please contact me at acampbell@memun.org