



# HOUSE OF REPRESENTATIVES

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Senator Grohoski, Representative Cloutier and Esteemed Members of the Joint Standing Committee on Taxation, I am Mathew McIntyre and I humbly serve as the Representative for Maine's House District 18 comprising 16 towns and four Unorganized Territories spanning portions of Penobscot, Hancock and Washington counties. I offer to you my testimony as the sponsor of **LD399**, "An Act to Amend the Laws Regarding the Retention of Proceeds from Municipal Foreclosures".

As I begin, I attest my presentation is a direct result of engaging with municipal officials and taxpayers across District 18, and I serve proudly to carry their voices here today for your respectful consideration.

Per current Maine Revised Statutes Title 36, Section 943-C, Subsection 10, net proceeds from the legally authorized sale of foreclosed properties resultant to property tax delinquency, within municipal domains, are to be transferred to the State's Unclaimed Property Fund. I pose to you today this statutory clause does not adhere to the intent of the United States Supreme Court (Tyler v. Hennepin County, Minnesota, et al.) which promulgated the introduction of LD 2262 to the 131<sup>st</sup> Maine Legislature, and perhaps more importantly it does not align with the existing and widely accepted norms associated with our State's established and time-honored "Home Rule Authority", as specifically delineated in the Maine State Constitution, Article IV, Part Third, Section 16.

Today, I ask you to consider and evaluate just one case study, which is not at all based in the hypothetical; it is playing out right now in the small Town which I live in. There are undoubtedly many other scenarios which could lead to the same dilemma.

A community member and property owner in a municipality sadly passes away. Despite due diligence by the municipal officials, no surviving family members can be identified or located, the memorial services for the deceased are attended by but one or two friends and neighbors. Time advances and still no descendants come forward to petition for consideration of familial claim. The property eventually progresses through tax delinquency to a statutorily defined status of foreclosure. What is the next step for the Town, as they observe the property begin to become overgrown and consumed by nature, and the once occupied and well-maintained home begin to collapse? With no intention of being cold or callous towards the memory of the deceased, the municipal authorities are faced with limited options per current statute;

1. Per Title 36, Subsection 946-C, they can navigate the process of declaring the property as abandoned and submit the property to the control of the Maine Redevelopment Land Bank Authority, or,

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2. Per Title 36, Subsection 943-C, they can contract with an agent to sell the property and recover only minimal transactional expenses and delinquent taxes. The remainder of fair market value proceeds, potentially substantial, are to be transferred to the State's Unclaimed Property Fund.

Neither of these options favor the municipality which bears all the burden and responsibility of dealing with the matter, and yet in the end all potential additional revenues are surrendered to the State.

I submit to you the below original language of LD 2262, as initially presented by the Honorable then-Representative Joseph Perry of Bangor during the 131<sup>st</sup> Legislature, was and remains more appropriate. While my proposed amendment language is a bit more concise, I believe the intent is the same. We should amend the existing language to provide the responsible municipalities the option to exercise prudence in how any proceeds are to be managed, specifically in those instances wherein no surviving descendant(s) can be identified or located, or wherein the previous owner fails to claim right to net proceeds above and beyond taxes owed the municipality, and expenses incurred by the municipality during sale of the property.

Original Language of LD 2262 (as introduced approx. 3/12/2024)

*10. Retention of 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 former owner's rights to the excess sale proceeds are forfeited and the municipality may retain and expend the proceeds in whatever manner the legislative body of the municipality considers appropriate, as long as the municipality has given notice to each record holder of an interest in the tax-acquired property pursuant to subsection 8.*

I humbly request you as a committee consider just a few of the potential opportunities I personally envision could result for the municipality from this simple amendment. I imagine there could be many more beyond these notions;

1. Net proceeds from the sale could be used to fund the launch of a needed daycare program within the community
2. Net proceeds from the sale could be used to enhance initial municipal investments to an emergency warming/cooling center at the Town Office
3. Net proceeds could be used to repurpose other Town owned property into community parks/green spaces that facilitate and promote social gatherings, or safe outdoor exercise environments for the Town elderly population
4. A portion of net proceeds could be returned by the Town to a verified first-time home buyer to incentivize/attract growth and development of new families within Maine

In closing, I suggest to you that while the broad topic of taxation is very visceral and one which elicits the strongest of personal passions and positions, this proposed amendment is one which I believe most taxpayers would support as it both honors Home Rule Authority and demonstrates the "common sense" which Maine is known for.

I thank you for your time today.