



# MAINE MUNICIPAL ASSOCIATION SINCE 1936

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## Testimony of the Maine Municipal Association (MMA)

In Support of

LD 399, *An Act to Amend the Laws Regarding the  
Retention of Proceeds from Municipal Foreclosures*

March 4, 2025

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Senator Grohoski, Representative Cloutier and distinguished members of the Joint Standing Committee on Taxation, my name is Amanda Campbell, and I am submitting testimony in strong support of LD 399 on behalf of the Maine Municipal Association's 70-member Legislative Policy Committee (LPC).

LD 399 proposes to change the statute that requires a municipality that has sold a tax foreclosure acquired property, and no former owner is located, to transfer those excess funds to the state's Unclaimed Property Fund. This new requirement was part of an extensive amendment to the property tax foreclosure law passed last session because of the Working Group to Study Equity in the Property Tax Foreclosure Process report recommendations and other stakeholder input.

The notion that municipalities are profiting from tax foreclosure properties is false. Last session's update provided that costs for maintenance, in addition to other allowable costs, could be reimbursed from sale proceeds to make communities whole. It is only after those costs have been recouped that a former owner is entitled to the excess proceeds from the property sale. However, with rising costs of virtually all services related to property maintenance and real estate and attorney fees, in many cases the value of any excess proceeds is limited. It is this balance that is due to the former owner, or the Unclaimed Property Fund if the owner cannot be located.

The change proposed in LD 399 would allow municipalities to retain those excess funds only when a former owner fails to claim the proceeds following the procedure currently outlined in law. Municipal officials support this proposed change, in recognition that all costs associated with the process are fronted by those in the community who are making timely property tax payments. As a result, they are forced to pay additional taxes while the foreclosure process plays out and the property is subsequently sold. At the very least, investing the remaining revenue in the community should be allowed.

Thank you for your consideration of the municipal perspective on this important topic. Please feel free to contact any member of the LPC or the MMA Advocacy team with any questions relating to municipal operations.