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May 16, 2025

Senator Nicole Grohoski, Chair
Representative Kristen Cloutier, Chair
Members of the Joint Standing Committee on Taxation

RE: Testimony in SUPPORT of LD 1841 – An Act to Modify the Process for Selling Tax-acquired Properties

Dear Senator Grohoski, Representative Cloutier, and Members of the Taxation Committee,

My name is Andrea Walton, and I serve as the Assessor and Code Enforcement Officer for the City of Calais. I am submitting this testimony in strong support of LD 1841, An Act to Modify the Process for Selling Tax-acquired Properties.

This proposed legislation offers a much-needed update to 36 MRSA §943-C and reflects real, practical challenges that municipalities—especially small communities like Calais—face when managing tax-acquired properties. I have worked closely with Senator Marianne Moore on this amendment, and I believe it strikes an appropriate balance between protecting public trust and allowing flexibility at the municipal level.

Summary of Key Amendments and Why I Support Them:

1. Deed in Lieu of Foreclosure

This amendment allows a former owner to voluntarily offer a deed in lieu of foreclosure, which would exempt the municipality from the statutory sale process. This simple mechanism avoids unnecessary red tape when the property owner has already decided to walk away. In Calais, this is the most common situation we face—buildings that are vacant and dilapidated. This change would allow municipalities to more efficiently manage such properties.

2. Sealed Bid Option or Real Estate Listing

LD 1841 gives municipalities the choice between using a sealed bid process or listing the property with a licensed real estate agent. In Calais, we have experienced firsthand the ethical complications that can arise when working with agents in a

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small city. Conflicts of interest are difficult to avoid, even unintentionally.

A recent example involved a property we listed with a real estate agent. An employee submitted an offer—something that would not typically be allowed under the sealed bid process. The property was a demanded item at the listed price and resulted in a “bidding war” between multiple parties. I had to recuse myself due to a conflict of interest: one of the interested buyers was a family member. The city manager also felt uneasy given that a city employee had made an offer. Ultimately, the person who won the “bid” backed out, and we found ourselves in the same uncomfortable position again.

This situation underscored how quickly the lines of ethics and fairness can blur when municipalities become too directly involved in private sale negotiations. That’s why I strongly advocate for restoring the sealed bid process as a clear, unbiased method of property disposition. Importantly, this bill does not remove the listing option for municipalities where it works—it simply gives us a choice.

To help standardize the sealed bid process statewide and avoid inconsistencies, I’ve proposed a structured approach within the bill language. This includes advertising requirements, bid submission procedures, and award criteria.

Additionally, if a municipality chooses the sealed bid process and the minimum bid is not met after three attempts, this amendment allows the sale to proceed with no minimum bid. This flexibility helps ensure that properties can return to the tax rolls efficiently, without being stalled by unattainable valuation thresholds.

3. Updated Notification Requirements

- Pre-Foreclosure Notice (30 days): Must include the tax amount due, foreclosure date, available assistance programs, and the option of a deed in lieu.
- Post-Foreclosure Notice (30 days): Must inform the former owner of the redemption amount and the option to release interest via deed.

While many towns already provide these notices, this change establishes a consistent statewide standard. In Calais, these letters are a major factor in our success preventing foreclosures. We’ve seen excellent results when residents are properly informed and offered options.

4. Clarified Allowable Expenses

This amendment clarifies that municipalities may deduct the costs of demolition and publication (such as efforts to notify heirs) from excess sale proceeds. These are legitimate, often substantial costs that should be accounted for.

5. Retaining Properties for Development

An addition to this bill is recognizing that some tax-acquired properties can support long-term economic development. In Calais, we acquired a vacant, potentially dangerous restaurant building, and through the request-for-proposals process, the city granted the property to a resident with a viable business plan. The city received no payment, but in return, the downtown gained a thriving new business.

The amendment permits municipalities to retain such properties for public use or development, while paying 10% of the excess proceeds based on an appraisal. While 10% may not be the final number, it serves as a fair placeholder. This approach respects the former owner's equity while empowering municipalities to improve their communities without relying heavily on taxpayer funds.

Conclusion

LD 1841 is a thoughtful, balanced piece of legislation that promotes fairness, increases transparency, protects municipal resources, and supports community revitalization. It addresses real ethical concerns, assists struggling residents, and provides municipalities with appropriate discretion—all while upholding constitutional principles.

For these reasons, I respectfully urge you to vote Ought to Pass on LD 1841.

Thank you for your time and consideration.

Respectfully submitted,



Andrea Walton
Assessor and Code Enforcement Officer
City of Calais