



HOUSE OF REPRESENTATIVES

2 STATE HOUSE STATION
AUGUSTA, MAINE 04333-0002
(207) 287-1440
TTY: (207) 287-4469

Amy Bradstreet Arata

P.O. Box 2,
New Gloucester, ME 04260
Residence: (207) 333-1817
Amy.Arata@legislature.maine.gov

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TESTIMONY IN SUPPORT OF:

LD 1895 “*An Act to Require the Removal from a Property Tax Lien the Name of a Previous Owner Who Paid Prorated Property Taxes.*”

THE JOINT STANDING COMMITTEE ON TAXATION

Senator Grohoski, Representative Cloutier, and distinguished members of the Taxation Committee, my name is Amy Arata and I represent House District 104, which includes New Gloucester and part of Gray. It's my pleasure to introduce to you LD 1895, *An Act to Require the Removal from a Property Tax Lien the Name of a Previous Owner Who Paid Prorated Property Taxes*.

All of us can relate to this issue because we've all run political campaigns. During campaigns, our opponents and both left and right-wing news sources and social media sites try to dig up any information that could be perceived negatively. They try to damage your reputation and credibility. They want the public to see you as irresponsible and untrustworthy. Protecting good reputations is what this bill is really about.

Imagine that you sold a home years ago, paid the prorated taxes at closing, and moved on with your life. And then you decide to run for office. However, the person who purchased your home didn't pay taxes that first year, and a lien has been filed in the registry of deeds in your name. How could this happen? Under Maine law, liens are filed under the name of the owner as of April 1. Because you no longer own the property that would be foreclosed on, there are no practical consequences for you, but your name is associated with a tax lien on the public record forever. You can have a professional title search done, have the best attorney conduct your closing, and pay all of your taxes due, but there's nothing you can do to prevent this from occurring. In fact, any lien notices would go to your previous address, so you wouldn't know to pay the buyer's portion of taxes even if you wanted to!

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New Gloucester/ Gray (Part)

This bill provides a very simple remedy. Upon request, and with proof that the taxes had been paid up to the sale date, the municipality must file a discharge of the tax lien. If taxes are still due, they can record a new lien under the new owner's name. Also, I will request an amendment that the discharge must include a statement that the lien was issued in the seller's name in error. This will clear the innocent seller's name.

With artificial intelligence and other tools to search people's backgrounds, it's likely that a registry of deeds search could become a part of a background check, if it isn't already. This bill will help not only people seeking public office, but also those who have a background or credit check when applying for certain jobs or housing. Currently, under Maine law the lien can only be removed from one's credit rating after winning an expensive lawsuit, but the lien will still be present in the registry of deeds, without an explanation that it was filed in error.

I'd like to address some concerns that you'll see in other testimonies. First, this bill has nothing to do with a proration agreement between the parties or the case of a lien filed before the sale. All taxes, prorated to the date of sale, must have been paid and proof of payment provided to the municipality before the lien under the seller's name must be discharged. If there are still taxes owed, the municipality can simply file a new tax lien on the property under the new owner's name. In reality, the seller is most likely to find out about the lien years after the taxes have eventually been paid. The lien discharge, with language that it was recorded under the seller's name in error, merely serves to clear that person's name and preserve their reputation. Although Maine law does allow the seller to sue the buyer, lawsuits are expensive and still would not clear the seller's name or correct the public record, it would just correct certain credit reports.

The scenario I have presented is very rare. If the buyer has a mortgage, most mortgage companies require the taxes for the entire year to be paid upfront and require escrow payments to make sure the property taxes are paid. However, when it does happen, there is no way that any real estate attorney or purchase and sales agreement could prevent it. The buyer simply doesn't pay their share of the taxes after April 1. It's in their best interest to pay the taxes because they will lose their property, but for some reason they won't or can't pay, or they wait until several years of tax liens have been filed before they pay. This happens so rarely that it won't be a burden on municipalities.

Correcting this injustice is simply the right thing to do. Ask yourself, what if it happened to me? Shouldn't you have a way to clear your name if you're attacked unfairly? Why should you pay the consequences for another person's negligence? This legislation is a simple and easy remedy that will help people just like you and me, and I ask for your support.