



131st MAINE LEGISLATURE

LD 101

LR 253(02)

An Act to Return to the Former Owner Any Excess Funds Remaining After the Sale of Foreclosed Property

Fiscal Note for Bill as Amended by Committee Amendment " "

Committee: Taxation

Fiscal Note Required: Yes

Fiscal Note

State Mandate - Exempted

Current biennium revenue decrease - Other Special Revenue Funds

Current biennium revenue decrease - Municipalities

State Mandates

Required Activity

Requires municipalities to follow certain requirements for the sale of a property acquired by foreclosure for nonpayment of property taxes, including returning to the former owner excess proceeds from the sale, regardless of the age, income and assets of the property owner and regardless of whether the property is a homestead. In current law, sale process requirements for properties acquired by a municipality by foreclosure only apply to homestead properties owned by a person who is 65 years or older below certain income and asset levels.

Unit Affected

Municipality

Local Cost

Moderate statewide

Pursuant to the Mandate Preamble, the two-thirds vote of all members elected to each House exempts the State from the constitutional requirement to fund 90% of the additional costs.

Fiscal Detail and Notes

This bill amends the law governing the process for the sale of foreclosed properties and return of excess proceeds from the sale to former owners. The bill makes additional foreclosed properties eligible for this process by removing limitations in current law related to homestead status and the age, income and assets of the former owner and it changes the calculation of excess proceeds to subtract from the amount a municipality must pay to the former owner, the municipality's cost of the lien and foreclosure process, unpaid utility charges and fees, property listing fees and an administrative fee equal to 10% of property taxes owed.

Implementation of this bill is expected to decrease revenue to municipalities and to the Unorganized Territory Education and Services fund from the sale of foreclosed properties, as the requirement to return excess proceeds to property owners is expanded. The amounts of any revenue reductions will depend on future tax foreclosures and cannot be determined at this time.

Additional costs to the Office of the State Auditor and Maine Revenue Services to implement the provisions in this bill with respect to properties in the Unorganized Territory are expected to be minor and can be absorbed within existing budgeted resources.

Additional costs to the Department of Administrative Services, Bureau of Revenue Services and the Office of the Attorney General associated with the working group to study equity in the property tax foreclosure process can be absorbed within existing budgeted resources.