

# In spite of a rocky session, local governments paddle forward

*The Legislature has most of its work in the rear view mirror, but will return this summer.*

By Kate Dufour, Director State & Federal Relations, MMA

The picture that graces the cover of this edition of Maine Town & City provides a near perfect visual depiction of the 2018 legislation session. Over the last six months, municipalities, schools and counties have navigated many rocky stretches. Although the Legislature's work is not yet done, calmer waters can be seen on the horizon.

## Senior tax lien foreclosures

By far, the toughest and most contentious issue of the session was Governor Paul LePage's senior tax lien foreclosure bill, LD 1629, which remains on the Legislature's "to do" list.

Described by many as a "solution in search of a problem," the bill, as originally printed, proposed to establish procedures allowing senior homeowners, regardless of financial capacity, to walk away from their property tax obligations and continue to live in their homes for several decades before a municipality could hire the required real estate broker to sell the home, for nothing less than the property's assessed value. After that, the municipality would have had to return all revenue to the delinquent property owner in excess of the property taxes owed and other fees accrued to the municipality.

The sensitive subject matter – keeping Maine's seniors out of foreclosure – caused political lines to be drawn in the early stages of the bill's process, making it difficult to discuss the legislation on the basis of merit and need. In an all or nothing fashion, opponents of the bill were described as scammers, greedy and enemies of the elderly.

Although many municipal officials and legislators alike believe that LD 1629 is unnecessary, the Taxation Committee succumbed to the political pressure to "do something" and unanimously voted to advance an amended version

of the bill for the full Legislature's consideration. To be fair, the committee's version of the bill encompasses some of the recommendations offered by the opponents of the bill, but not all.

The committee amendment adds a third notice to the existing pre-foreclosure process requiring that when the tax lien certificate is filed with the Registry of Deeds, the municipal treasurer must notify all delinquent homeowners who are receiving the homestead exemption of the right to apply for a poverty tax abatement and the right to contact the Bureau of Consumer Credit Protection for assistance in working with the municipality to avoid foreclosure. This new requirement has been identified as a mandate and, to the committee's credit, the bill includes a fiscal note obligating the state to reimburse municipalities for 90 percent of the costs associated with implementing the proposed changes, currently estimated at \$825,000.

The version of LD 1629 supported by the committee also amends the way municipalities dispose of the tax-acquired property previously owned by certain senior residents. As proposed, after the foreclosure process is complete and the right of redemption has expired, the municipality is required to enter into a six-month contract with a licensed real estate broker to sell tax-acquired property owned by a resident 65 years of age or older, provided that prior to the foreclosure the resident received the homestead exemption, had household income of less than \$40,000 and liquid assets of less than \$50,000 (\$75,000 for a multi-person household). If the home does not sell in six months or the community is unable to find a broker willing to list the property, the municipality is then authorized to sell the property according to the

method used to dispose of all other tax acquired property. The amended bill further requires that 100 percent of the sales revenue, less the costs incurred by the municipality to manage and dispose of the property, back taxes, interest and fees, be returned to the previous owner.

LD 1629 received initial support from the House, and at the time of publication was tabled in the Senate. It is expected that the Legislature will cast its final vote on the bill this month.

## Marijuana legislation

On the more positive side, members of the Legislature also advanced municipally relevant improvements to the recreational and medical marijuana laws.

Through the enactment of LD 1719, *An Act to Implement a Regulatory Structure for Adult Use Marijuana*, municipalities received the broad local control necessary to regulate the citizen adopted recreational marijuana legalization law. Not only does the law provide municipalities with the tools necessary to regulate nearly every aspect of this new industry, state-licensed commercial entities may not operate until the municipality where they are located adopts an ordinance or warrant article authorizing those activities. On the medical marijuana front, LD 238, *An Act To Amend the Maine Medical Use of Marijuana Act* and LD 1539, *An Act To Amend Maine's Medical Marijuana Law* provide municipalities with much needed regulatory control over medical marijuana caregiver commercial homebased operations, as well as caregiver retail stores. A more detailed description of these bills is provided in a separate article published in this edition of the magazine.

## School and county jail funding

The Legislature also responded to the funding requests made by school and county officials.

LD 1869, *An Act To Establish the Total Cost of Education and the State and Local Contributions to Education for Fiscal Year 2018-19*, appropriates nearly \$1.3 billion as the state's share of K-12 education for fiscal year 2019. Of that total, \$1.1 billion is used to fund expenditures the Essential Programs and Services (EPS) funding model calculates as necessary to educate students, and \$181 million goes to the unfunded actuarial liabilities (UAL) of the Maine Public Employees Retirement System attributable to teachers. The mill rate expectation is calculated as 8.48 mills and the required local share for K-12 education is \$1.1 billion. Although the state is making progress towards its statutory obligation to fund 55 percent of the cost of K-12 education, the effort continues to fall short. When calculating the state share of total K-12 education on the basis of the EPS model only, the state contribution is 49.6 percent of total cost. When the UAL payment is added to the mix, the state's share increases to 53.3 percent.

Through the enactment of both LD 924, *An Act Making Certain Supplemental Appropriations and Allocations and Changing Certain Provisions of the Law Necessary to the Proper Operations of State Government* and LD 1490, *An Act Regarding Community Corrections Funds*, the Legislature provided county governments \$3 million in jail operations revenue necessary to finish out FY 2018, and \$18 million for FY 2019, thereby avoiding shifting additional jail related costs onto the property taxpayers. Although state lawmakers implement the policies dictating who is imprisoned, for what length of time, and whether they are housed in a state prison or county jail, state funding covers roughly 20 percent of total jail operation costs.

The governor must approve these proposals before the state financial assistance authorized by these bills can be distributed to schools and counties. Although the governor has already vetoed LD 924, the Legislature will have the opportunity to override his decision on LD 924 and all other vetoed bills when it reconvenes the week of July 9.

An update on these bills' final enactment status will be published in

the August/September edition of this magazine.

## Looking ahead

With the 2017-2018 legislative session nearly behind us, MMA's advocacy team is focusing its attention on the Nov. 6 General Election by encouraging municipal officials to connect, meet and discuss issues of municipal importance with candidates for state office. The goal is to help municipal officials develop working relationships with legislative hopefuls that can be maintained well after the election. To support that effort, in mid-July each municipality will receive a local advocacy tool kit, which will include a copy of the 2018 Municipal Issues Paper, now posted on MMA's website ([www.memun.org](http://www.memun.org)). The paper outlines the evolution of the state/municipal partnership, its erosion over the last decade and the need to restore that partnership as a means of providing efficient and effective government services to all of Maine's residents, businesses and visitors.

MMA's State & Federal Relations Department staff is currently conducting the election of the 2018-2020 Legislative Policy Committee. The 70-member Policy Committee, which is represented by two municipal officials from each of the state's 35 Senate Districts, is elected in the summer of each even numbered year by the boards of selectmen and councils in each district. Ballots were mailed out in June and are

due back to the Association no later than Aug. 2. Please note that it is not too late for eligible municipal officials to run as a write-in candidate to serve on the LPC. For more information on the write-in process please contact Laura Ellis at 1-800-452-8786 or [lellis@memun.org](mailto:lellis@memun.org).

Once the LPC is elected, its first charge will be to adopt the Association's two-year legislative platform, which includes the policy initiatives MMA will advance to the next Legislature for its consideration. A description of that platform will be published in the December edition of *Maine Town & City*.

## Thank you

Lastly, MMA's advocacy staff thanks Sen. Brian Langley of Hancock County and Rep. John Madigan, Jr. of Rumford for allowing the Legislative Bulletin to be distributed to all members of the House and Senate each week the Legislature was in session. Best wishes to Sen. Langley who, due to terms limits, it not running for office this year. ■



Sen. Brian Langley



Rep. John Madigan, Jr.



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