

MAINE STATE LEGISLATURE

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L.D. 1082

Date: 6/13/25

REPORT "B"

(Filing No. H-710)

TAXATION

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**STATE OF MAINE
HOUSE OF REPRESENTATIVES
132ND LEGISLATURE
FIRST SPECIAL SESSION**

COMMITTEE AMENDMENT "B" to H.P. 704, L.D. 1082, "An Act to Invest in Maine's Families and Workforce by Amending the Real Estate Transfer Tax"

Amend the bill by striking out all of sections 1 and 2 and inserting the following:

'Sec. 1. 22 MRSA §20-A, sub-§3, ¶A, as enacted by PL 2023, c. 412, Pt. AAAA, §1, is amended to read:

A. All money received by the State in accordance with Title 36, section 4641-B, subsection 4-B, paragraph E-1 and, beginning with fiscal year 2026-27, Title 36, section 4641-B, subsection 4-B, paragraph E-2;

Sec. 2. 30-A MRSA §4773 is enacted to read:

§4773. Housing Production Fund

The Housing Production Fund, referred to in this section as "the fund," is established as a nonlapsing fund under the jurisdiction and control of the Maine State Housing Authority. The fund is funded by revenue from Title 36, section 4641-A, subsection 1, paragraph A. Funds in the fund must be used by the authority to support the federal low-income housing tax credit as provided in Section 42 of the United States Internal Revenue Code of 1986, as amended, and the authority's rural affordable rental housing program and affordable homeownership program.

Sec. 3. 36 MRSA §4641-A, sub-§1, ¶A, as enacted by PL 2001, c. 559, Pt. I, §3 and affected by §15, is amended to read:

A. The rate of the tax is \$2.20 for each \$500 or fractional part of \$500 of the value of the property transferred. When the value of the property being transferred exceeds \$1,000,000, an additional tax at the rate of \$1.80 for each \$500 or fractional part of \$500 of the value of the property transferred that exceeds \$1,000,000 is imposed.

Sec. 4. 36 MRSA §4641-A, sub-§2, ¶A, as enacted by PL 2001, c. 559, Pt. I, §3 and affected by §15, is amended to read:

1 A. ~~The For property owned by the entity and located in this State, the rate of the tax is~~
 2 ~~\$2.20 for each \$500 or fractional part of \$500 of the value of the real property owned~~
 3 ~~by the entity and located in this State transferred. When the value of the property being~~
 4 ~~transferred exceeds \$1,000,000, an additional tax at the rate of \$1.80 for each \$500 or~~
 5 ~~fractional part of \$500 of the value of the real property transferred that exceeds~~
 6 ~~\$1,000,000 is imposed.'~~

7 Amend the bill by striking out all of section 4 and inserting the following:

8 'Sec. 4. 36 MRSA §4641-B, sub-§4-B, ¶E-2 is enacted to read:

9 E-2. In fiscal year 2026-27 and each fiscal year thereafter, the Treasurer of State shall
 10 credit the revenues derived from the tax imposed pursuant to section 4641-A,
 11 subsection 1 in accordance with this paragraph.

12 (1) At the beginning of the fiscal year, the Maine State Housing Authority shall
 13 certify to the Treasurer of State the amount that is necessary and sufficient to meet
 14 the authority's obligations relating to bonds issued or planned to be issued by the
 15 authority under Title 30-A, section 4864.

16 (2) After reducing the revenue amount by the amount certified pursuant to
 17 subparagraph (1), on a monthly basis, of the remaining revenue, the Treasurer of
 18 State shall:

19 (a) Pay 18% to the Department of Health and Human Services, which shall
 20 deposit the funds in the Housing First Fund established in Title 22, section
 21 20-A, subsection 2;

22 (b) Pay 32% to the Maine State Housing Authority, which shall deposit the
 23 funds in the Housing Opportunities for Maine Fund created in Title 30-A,
 24 section 4853;

25 (c) Pay 30% to the Maine State Housing Authority, which shall deposit the
 26 funds in the Housing Production Fund established in Title 30-A, section 4773
 27 to support the federal low-income housing tax credit as provided in Section 42
 28 of the United States Internal Revenue Code of 1986, as amended, and the
 29 authority's rural affordable rental housing program and affordable
 30 homeownership program; and

31 (d) Deposit 20% in the General Fund.'

32 Amend the bill by striking out all of section 7 and inserting the following:

33 'Sec. 7. 36 MRSA §4641-C, sub-§22 is enacted to read:

34 22. Purchases by first-time home buyers participating in certain mortgage loan
 35 programs. Deeds to property to purchasers who receive financial assistance through the
 36 Maine State Housing Authority's first-time home-buyer mortgage loan programs. The
 37 exemption under this subsection applies to both the buyer and the seller.

38 **Sec. 8. Appropriations and allocations.** The following appropriations and
 39 allocations are made.

40 **ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF**
 41 **Revenue Services, Bureau of 0002**

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1	Initiative: Provides one-time funding for computer programming costs.		
2	GENERAL FUND	2025-26	2026-27
3	All Other	\$79,500	\$0
4			
5	GENERAL FUND TOTAL	\$79,500	\$0
6			
7	ADMINISTRATIVE AND FINANCIAL		
8	SERVICES, DEPARTMENT OF		
9	DEPARTMENT TOTALS	2025-26	2026-27
10			
11	GENERAL FUND	\$79,500	\$0
12			
13	DEPARTMENT TOTAL - ALL FUNDS	\$79,500	\$0
14	HEALTH AND HUMAN SERVICES, DEPARTMENT OF		
15	Housing First Program Z374		
16	Initiative: Adjusts funding for the Housing First Fund due to changes in the real estate		
17	transfer tax.		
18	OTHER SPECIAL REVENUE FUNDS	2025-26	2026-27
19	All Other	\$653,000	(\$1,212,000)
20			
21	OTHER SPECIAL REVENUE FUNDS TOTAL	\$653,000	(\$1,212,000)
22			
23	HEALTH AND HUMAN SERVICES,		
24	DEPARTMENT OF		
25	DEPARTMENT TOTALS	2025-26	2026-27
26			
27	OTHER SPECIAL REVENUE FUNDS	\$653,000	(\$1,212,000)
28			
29	DEPARTMENT TOTAL - ALL FUNDS	\$653,000	(\$1,212,000)
30	HOUSING AUTHORITY, MAINE STATE		
31	Housing Authority - State 0442		
32	Initiative: Adjusts funding for the Housing Opportunities for Maine Fund due to changes		
33	in the real estate transfer tax.		
34	OTHER SPECIAL REVENUE FUNDS	2025-26	2026-27
35	All Other	\$1,306,000	(\$8,783,000)
36			
37	OTHER SPECIAL REVENUE FUNDS TOTAL	\$1,306,000	(\$8,783,000)
38	Housing Production Fund N557		
39	Initiative: Allocates funds to support the federal low-income housing tax credit, the rural		
40	affordable rental housing program and the affordable homeownership program.		
41	OTHER SPECIAL REVENUE FUNDS	2025-26	2026-27

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1	All Other	\$0	\$15,314,000
2			
3	OTHER SPECIAL REVENUE FUNDS TOTAL	<u>\$0</u>	<u>\$15,314,000</u>
4			
5	HOUSING AUTHORITY, MAINE STATE		
6	DEPARTMENT TOTALS	2025-26	2026-27
7			
8	OTHER SPECIAL REVENUE FUNDS	\$1,306,000	\$6,531,000
9			
10	DEPARTMENT TOTAL - ALL FUNDS	<u>\$1,306,000</u>	<u>\$6,531,000</u>
11			
12	SECTION TOTALS	2025-26	2026-27
13			
14	GENERAL FUND	\$79,500	\$0
15	OTHER SPECIAL REVENUE FUNDS	\$1,959,000	\$5,319,000
16			
17	SECTION TOTAL - ALL FUNDS	<u>\$2,038,500</u>	<u>\$5,319,000</u>
18			

19 Amend the bill by relettering or renumbering any nonconsecutive Part letter or section
20 number to read consecutively.

21 SUMMARY

22 This amendment, which is a minority report of the committee, replaces the changes
23 made by the bill to the real estate transfer tax. The amendment increases the real estate
24 transfer tax on property with a value of more than \$1,000,000 to impose a tax of \$4.00, or
25 an additional \$1.80, for each \$500 of the value of the property being transferred above
26 \$1,000,000. The amendment changes the distribution of funds from the real estate transfer
27 tax, including requiring 30% to be distributed to a new fund in the Maine State Housing
28 Authority to support affordable housing, and requires the funds to be distributed as a
29 percentage, not as a cascade. The amendment also specifies that the exemption from the
30 real estate transfer tax for first-time home buyers receiving financial assistance through the
31 Maine State Housing Authority applies to both the seller and the buyer of the property. The
32 amendment also adds an appropriations and allocations section.

33 FISCAL NOTE REQUIRED

34 (See attached)



132nd MAINE LEGISLATURE

LD 1082

LR 365(03)

An Act to Invest in Maine's Families and Workforce by Amending the Real Estate Transfer Tax

Fiscal Note for Bill as Amended by Committee Amendment

Committee: Taxation

Fiscal Note Required: Yes

B(H-710)

Fiscal Note

	FY 2025-26	FY 2026-27	Projections FY 2027-28	Projections FY 2028-29
Net Cost (Savings)				
General Fund	(\$641,500)	\$56,000	\$88,000	\$90,000
Appropriations/Allocations				
General Fund	\$79,500	\$0	\$0	\$0
Other Special Revenue Funds	\$1,959,000	\$5,319,000	\$5,990,000	\$6,519,000
Revenue				
General Fund	\$721,000	(\$56,000)	(\$88,000)	(\$90,000)
Other Special Revenue Funds	\$1,959,000	\$5,319,000	\$5,990,000	\$6,519,000

Fiscal Detail and Notes

This bill increases the real estate transfer tax rate to \$4 per \$500 of value for the portion of a property's value in excess of \$1,000,000 and establishes an exemption from the real estate transfer tax for homes purchased under the Maine State Housing Authority's first-time home-buyer mortgage loan programs. This would result in a revenue increase to the General Fund of \$721,000 in fiscal year 2025-26 and a revenue decrease of \$56,000 in fiscal year 2026-27. These changes would also result in a revenue increase to the Housing First Fund of \$653,000 in fiscal year 2025-26 and to the Housing Opportunities for Maine (HOME) Fund of \$1,306,000 in fiscal year 2025-26.

The bill also changes the distribution of real estate transfer tax revenue beginning in fiscal year 2026-27. The redistribution provides ongoing revenue of \$15,314,000 in fiscal year 2026-27 to a newly established Housing Production Fund within the Maine State Housing Authority and reduces ongoing revenue to the Housing First Fund by \$1,212,000 in fiscal year 2026-27 and reduces ongoing revenue to the HOME Fund by \$8,783,000 in fiscal year 2026-27.

The bill includes a one-time General Fund appropriation to the Bureau of Revenue Services within the Department of Administrative and Financial Services of \$79,500 in fiscal year 2025-26 to fund computer programming costs associated with the provisions of this bill.