

MAINE STATE LEGISLATURE

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132nd MAINE LEGISLATURE

FIRST REGULAR SESSION-2025

Legislative Document

No. 1082

H.P. 704

House of Representatives, March 18, 2025

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

Received by the Clerk of the House on March 14, 2025. Referred to the Committee on
Taxation pursuant to Joint Rule 308.2 and ordered printed pursuant to Joint Rule 401.

A handwritten signature in cursive script that reads "Robert B. Hunt".

ROBERT B. HUNT
Clerk

Presented by Speaker FECTEAU of Biddeford.
Cosponsored by Senator PIERCE of Cumberland and
Representatives: DOUDERA of Camden, FRIEDMANN of Bar Harbor, GERE of
Kennebunkport, Senator: President DAUGHTRY of Cumberland.

1 **Be it enacted by the People of the State of Maine as follows:**

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

4 A. The rate of the tax is \$2.20 for each \$500 or fractional part of \$500 of the value of
5 the property transferred, if the value is less than \$1,000,000, and the rate of the tax is
6 \$5.00 for each \$500 or fractional part of \$500 of the value of the property transferred,
7 if the value is \$1,000,000 or greater.

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

10 A. The rate of the tax is \$2.20 for each \$500 or fractional part of \$500 of the value of
11 the real property, if the value is less than \$1,000,000, owned by the entity and located
12 in this State and the rate of the tax is \$5.00 for each \$500 or fractional part of \$500 of
13 the value of the real property, if the value is \$1,000,000 or greater.

14 **Sec. 3. 36 MRSA §4641-B, sub-§4-B, ¶E-1**, as enacted by PL 2023, c. 412, Pt.
15 AAAA, §3, is amended to read:

16 E-1. In fiscal year 2025-26 ~~and each fiscal year thereafter~~, the Treasurer of State shall
17 credit the revenues derived from the tax imposed pursuant to section 4641-A,
18 subsection 1 in accordance with this paragraph.

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

23 (2) On a monthly basis, the Treasurer of State shall apply 50% of the revenues in
24 accordance with this subparagraph. The Treasurer of State shall first pay revenues
25 available under this subparagraph to the Maine State Housing Authority, which
26 shall deposit the funds in the Maine Energy, Housing and Economic Recovery
27 Fund established in Title 30-A, section 4863, until the amount paid equals the
28 amount certified by the Maine State Housing Authority under subparagraph (1),
29 after which the Treasurer of State shall credit 1/2 of any remaining revenues
30 available under this subparagraph to the General Fund and 1/2 of any remaining
31 revenues available under this subparagraph to the Housing First Fund established
32 in Title 22, section 20-A, subsection 2.

33 (3) On a monthly basis, the Treasurer of State shall credit 50% of the revenues to
34 the Maine State Housing Authority. The Maine State Housing Authority shall
35 deposit the funds received pursuant to this subparagraph in the Housing
36 Opportunities for Maine Fund created in Title 30-A, section 4853. Beginning July
37 1, 2025, the Maine State Housing Authority shall use 25% of funds transferred to
38 the Housing Opportunities for Maine Fund under this subparagraph to support the
39 creation of new housing units, through new construction or adaptive reuse, that are
40 affordable to low-income households.

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

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

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

8 (2) After reducing the revenue amount by the amount certified pursuant to
9 subparagraph (1), on a monthly basis, the Treasurer of State shall apply 17% of the
10 remaining revenues in accordance with this subparagraph. The Treasurer of State
11 shall pay revenues available under this subparagraph to the Department of Health
12 and Human Services, which shall deposit the funds in the Housing First Fund
13 established pursuant to Title 22, section 20-A.

14 (3) After applying revenues pursuant to subparagraph (2), on a monthly basis, the
15 Treasurer of State shall apply 15% of the remaining revenues in accordance with
16 this subparagraph. The Treasurer of State shall pay revenues available under this
17 subparagraph to the Maine State Housing Authority, which shall deposit the funds
18 in the Housing Opportunities for Maine Fund created in Title 30-A, section 4853.

19 (4) After applying revenues pursuant to subparagraph (3), on a monthly basis, the
20 Treasurer of State shall apply 60% of the remaining revenues in accordance with
21 this subparagraph. The Treasurer of State shall pay revenues available under this
22 subparagraph to the Maine State Housing Authority, which shall apply the funds
23 to the affordable housing income tax credit established pursuant to section
24 5219-WW and the authority's rural affordable rental program and affordable
25 homeownership program.

26 (5) After applying revenues pursuant to subparagraph (4), on a monthly basis, the
27 Treasurer of State shall apply the remaining balance of the revenues in accordance
28 with this subparagraph. The Treasurer of State shall deposit the funds in the
29 General Fund.

30 **Sec. 5. 36 MRSA §4641-C, sub-§20**, as amended by PL 2017, c. 402, Pt. E, §3
31 and affected by PL 2019, c. 417, Pt. B, §14, is further amended to read:

32 **20. Controlling interests.** Transfers of controlling interests in an entity with a fee
33 interest in real property if the transfer of the real property would qualify for exemption if
34 accomplished by deed of the real property between the parties to the transfer of the
35 controlling interest; ~~and~~

36 **Sec. 6. 36 MRSA §4641-C, sub-§21**, as enacted by PL 2017, c. 402, Pt. E, §4 and
37 affected by PL 2019, c. 417, Pt. B, §14, is amended to read:

38 **21. Transfers pursuant to transfer on death deed.** Any transfer of real property
39 effectuated by a transfer on death deed pursuant to Title 18-C, Article 6, Part 4-; and

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

41 **22. First-time home buyers participating in certain mortgage loan programs.**
42 Deeds to property to purchasers who receive financial assistance through the Maine State
43 Housing Authority's first-time home-buyer mortgage loan programs.

1 **SUMMARY**

2 This bill exempts from the real estate transfer tax home buyers who use the Maine State
3 Housing Authority's first-time home-buyer mortgage loan programs. It also increases the
4 real estate transfer tax from \$2.20 to \$5 per \$500 for real estate sales over \$1,000,000. The
5 bill directs the distribution of revenue derived from the tax collected on the transfer of
6 property by deed, which is part of the real estate transfer tax, as follows:

7 1. The amount necessary and sufficient to meet bond obligations under the Maine
8 Energy, Housing and Economic Recovery Program, distributed to the program;

9 2. Seventeen percent of that remaining balance, distributed to the Housing First Fund;

10 3. Fifteen percent of that remaining balance, distributed to the Housing Opportunities
11 for Maine Fund;

12 4. Sixty percent of that remaining balance, distributed to the State's affordable housing
13 income tax credit program and the Maine State Housing Authority's rural affordable rental
14 program and affordable homeownership program; and

15 5. The remaining balance distributed to the General Fund.

16 This bill also removes, beginning in fiscal year 2026-27, the requirement that 25% of
17 Housing Opportunities for Maine Fund funds be used for housing production.