

MAINE STATE LEGISLATURE

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122nd MAINE LEGISLATURE

FIRST REGULAR SESSION-2005

Legislative Document

No. 1107

H.P. 760

House of Representatives, March 1, 2005

An Act To Encourage Local Affordable Housing, Open Space and Shore Access through a High Valuation Transfer Tax

Reference to the Committee on Taxation suggested and ordered printed.

Millicent M. MacFarland
MILLICENT M. MacFARLAND
Clerk

Presented by Representative PINGREE of North Haven.
Cosponsored by Senator DAMON of Hancock and
Representatives: DUDLEY of Portland, KOFFMAN of Bar Harbor, PERCY of Phippsburg,
PIOTTI of Unity, SMITH of Monmouth, WATSON of Bath, WOODBURY of Yarmouth,
Senator: MILLS of Somerset.

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

4 **Sec. 1. 36 MRSA §4641, sub-§§2-B to 2-D** are enacted to read:

6 **2-B. Eligible municipality.** "Eligible municipality" means
a municipality or organized municipal township. "Eligible
municipality" does not include a county or a subsidiary unit of
8 government such as an unorganized township, village, special
district or school district.

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12 **2-C. Local option real estate transfer tax.** "Local option
real estate transfer tax" means the real estate transfer tax
imposed by an eligible municipality pursuant to section 4642.

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16 **2-D. Participating municipality.** "Participating
municipality" means an eligible municipality that has imposed a
local option real estate transfer tax pursuant to section 4642.

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20 **Sec. 2. 36 MRSA §4642** is enacted to read:

22 **§4642. Municipal local option real estate transfer tax**

24 **1. Imposition and collection of local option real estate**
transfer tax. An eligible municipality may impose a local option
real estate transfer tax on each deed by which any real property
the value of which is greater than \$1,000,000 is transferred.
26 The rate of tax may not exceed .2% of the value of the property
transferred. The local option real estate transfer tax must be
28 collected in the same manner and at the same time as the tax
collected pursuant to section 4641-B, subsection 1. The tax
imposed pursuant to this subsection is in addition to the real
estate transfer tax imposed pursuant to section 4641-A.

34 **2. Determination and payment of municipal share;**
administrative costs. Each month, the register of deeds shall
36 identify the amount of revenue under this section attributable to
each participating municipality, based on the location of the
38 property being transferred, subtract the costs of administering
this section and certify the net amount due each municipality to
40 the county treasurer. Each county treasurer shall, on or before
the 10th day of each month, pay over to each municipality that
42 municipality's share of the tax collected pursuant to this
section. If the tax collected is not paid over by the 10th day
44 of the month, the municipality may impose interest pursuant to
section 186. The amount subtracted for the administration of
46 this section may not exceed 2% of the total taxes collected under
this section.

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50 **3. Use of revenue.** Each participating municipality shall
deposit the revenue received pursuant to subsection 2 in a
segregated account. A municipality shall determine its annual

2 budget and assessment without consideration of the amount
3 received pursuant to subsection 2. Funds within the segregated
4 account may be used only for the development of affordable,
5 middle-income, senior or workforce housing or for the purchase of
6 open space, shore access points or community working properties
7 that are accessible to and available for use by the public,
8 including providing grants for these purposes. Revenue generated
9 pursuant to this section may not be used to supplant local funds.

10 **4. Effect on revenue sharing and other state-aid programs.**

11 Revenue received pursuant to subsection 2 may not be considered
12 to be receipts from the taxes imposed under this Part for the
13 purpose of transfers to the Local Government Fund under Title
14 30-A, section 5681. Revenue received pursuant to subsection 2
15 may not be used to reduce or eliminate any funding otherwise due
16 the participating municipality under any provision of law
17 providing aid to the participating municipality, including, but
18 not limited to, aid to schools, roads, public assistance or jails.

19 **5. Referendum.** The question of whether to impose a local
20 option real estate transfer tax must be submitted to the legal
21 voters of an eligible municipality that seeks to impose the local
22 option real estate transfer tax.

23 The petition process and the voting at elections held in cities
24 and towns must be conducted in accordance with Title 30-A,
25 sections 2528, 2529 and 2532 even if the municipality has not
26 accepted the provisions of section 2528. The voting at elections
27 held in municipalities must be conducted in accordance with Title
28 21-A. The municipal clerk shall make a return of the results,
29 certify the results and send them to the Secretary of State. The
30 Secretary of State shall forward the results to the register of
31 deeds for that municipality.

32 The local option sales and use tax may be discontinued by
33 referendum conducted in the same manner as the referendum
34 adopting the tax under this section.

35 **9. Effective date of tax.** The tax authorized by this
36 section takes effect 120 days after the municipal referendum vote
37 under subsection 5 if it is accepted by a majority of the local
38 voters voting at the election and the total number of votes cast
39 equals or exceeds 20% of the total number of votes cast in that
40 municipality in the most recent gubernatorial election.

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48 **SUMMARY**

49 This bill allows a municipality to impose a local option
50 real estate transfer tax of up to .2% on property valued at

2 \$1,000,000 or more. Revenue from the tax, after the deduction of
administrative costs, may be used by the levying municipality
4 only for certain purposes, such as the development of affordable
housing or the purchase of land for public use.