MAINE STATE LEGISLATURE

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122nd MAINE LEGISLATURE

FIRST SPECIAL SESSION-2005

Legislative Document

No. 1634

H.P. 1152

House of Representatives, May 3, 2005

An Act To Impose a Real Estate Transfer Tax Based on the Value of the Property

(AFTER DEADLINE)

Approved for introduction by a majority of the Legislative Council pursuant to Joint Rule 205.

Reference to the Committee on Taxation suggested and ordered printed.

Millicent M. Macfarland MILLICENT M. MacFARLAND Clerk

Presented by Representative KOFFMAN of Bar Harbor.

Cosponsored by Senator PERRY of Penobscot and

Representatives: CUMMINGS of Portland, LERMAN of Augusta, Speaker RICHARDSON of Brunswick, SMITH of Monmouth, WOODBURY of Yarmouth.

	Be it en	acted by the People of the State of Maine as follows:
2	Se	ec. 1. 36 MRSA §4641-A, sub-§1, as enacted by PL 2001, c.
4		t. I, §3 and affected by §15, is repealed.
6	Se	ec. 2. 36 MRSA §4641-A, sub-§1-A is enacted to read:
8		-A. Deeds. A tax is imposed on each deed by which any coperty in this State is transferred.
10		
12	\$1	. The rate of tax imposed on the grantee is \$2 for each 1,000 or fractional part of \$1,000 of the value of the roperty transferred.
14	_	
16		. The rate of tax imposed on the grantor is as set out in a paragraph.
18		(1) For property valued at less than \$300,000, the tax is \$2 for each \$1,000 or fractional part of \$1,000 of
20		the value of the property transferred.
22		(2) For property valued at \$300,000 or more but less than \$400,000, the tax is \$3 for each \$1,000 or
24		fractional part of \$1,000 of the value of the property
26		transferred.
28		(3) For property valued at \$400,000 or more but less than \$500,000, the tax is \$4 for each \$1,000 or
30		fractional part of \$1,000 of the value of the property transferred.
32		(4) For property valued at \$500,000 or more but less than \$600,000, the tax is \$5 for each \$1,000 or
34		fractional part of \$1,000 of the value of the property transferred.
36		
38		(5) For property valued at \$600,000 or more but less than \$700,000, the tax is \$6 for each \$1,000 or fractional part of \$1,000 of the value of the property
40		transferred.
42		(6) For property valued at \$700,000 or more but less than \$800,000, the tax is \$7 for each \$1,000 or
44		fractional part of \$1,000 of the value of the property transferred.
46		
48		(7) For property valued at \$800,000 or more but less than \$900,000, the tax is \$8 for each \$1,000 or
		fractional part of \$1,000 of the value of the property
50		transferred.

- 2 (8) For property valued at \$900,000 or more but less than \$1,000,000, the tax is \$9 for each \$1,000 or fractional part of \$1,000 of the value of the property transferred.
- (9) For property valued at \$1,000,000 or more, the tax is 1% of the value of the property transferred.
- Sec. 3. 36 MRSA §4641-B, sub-§4, as amended by PL 2005, c. 12, Pt. H, §1, is further amended to read:

Distribution of State's share of proceeds. Tax Assessor shall pay all net receipts received pursuant to this 14 section to the Treasurer of State, and shall at the same time 16 provide the Treasurer of State with documentation showing the amount of revenues derived from the tax imposed by section 18 4641-A, subsection $\frac{1}{1-A}$ and the amount of revenues derived from the tax imposed by section 4641-A, subsection 2. The Treasurer of State shall credit 1/2-ef the revenues derived from the tax 20 imposed by section 4641-A, subsection $1 \frac{1-A}{2}$ to the General-Fund 22 and-shall-monthly-pay-the-remaining-1/2-of-such-revenues-to-the Maine-State-Housing-Authority,-which-shall-deposit-the-funds-in 24 the - Housing - Opportunities - fer - Maine - Fund - ereated - in - Title - 30 - A, section-4853-,-except-that-in-fiscal-year-2003-04,-fiscal-year 2004-05,-fiscal-year-2005-06-and-fiscal-year-2006-07,-\$7,500,000 26 of-the-remaining-1/2-of-those-revenues-must-be-transferred-to-the 28 General-Fund-before--any-payments-are--made--to--the-Maine--State Housing-Authority so-called circuit breaker reserve established, maintained and administered by the State Controller from General 30 Fund undedicated revenue within the individual income tax 32 category. If the tax collected is not paid over by the 10th day of the month, the Treasurer of State may impose interest pursuant to section 186. The Treasurer of State shall credit to the 34 General Fund all of the revenues derived from the tax imposed by 36 section 4641-A, subsection 2.

SUMMARY

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This bill changes the rate of the real estate transfer tax imposed on the buyer and seller of real property and the manner of imposition. The buyer of property is charged a flat tax of \$2 per \$1,000 of value of the property being purchased. The seller of the property is charged a tax rate dependent on the value of the property being sold, starting at \$2 per \$1,000 of value of the property for property valued at less than \$300,000, increased for every \$100,000 in property value by \$1 per \$1,000 of the value of the property being sold. A maximum tax rate of 1% of

- the value of the property being sold is reached for property valued at \$1,000,000 or more.
- The revenue from the tax is credited to the so-called circuit breaker reserve to fund the Maine Residents Property Tax Program except for 10%, which is retained by the county
- collecting the tax.