

MAINE STATE LEGISLATURE

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No. 1145

H.P. 838

House of Representatives, March 7, 2007

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

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: ADAMS of Portland, CHASE of Wells, PINGREE of North Haven, PIOTTI
of Unity, RAND of Portland, WATSON of Bath, Senator: STRIMLING 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**, as enacted by PL 2001, c. 559, Pt. I, §3 and
3 affected by §15, is repealed.

4 **Sec. 2. 36 MRSA §4641-A, sub-§1-A** is enacted to read:

5 **1-A. Deeds.** A tax is imposed on each deed by which any real property in this State
6 is transferred.

7 **A.** The rate of tax imposed on the grantee is \$2 for each \$1,000 or fractional part of
8 \$1,000 of the value of the property transferred.

9 **B.** The rate of tax imposed on the grantor is as set out in this paragraph.

10 **(1)** For property valued at less than \$300,000, the tax is \$2 for each \$1,000 or
11 fractional part of \$1,000 of the value of the property transferred.

12 **(2)** For property valued at \$300,000 or more but less than \$400,000, the tax is \$3
13 for each \$1,000 or fractional part of \$1,000 of the value of the property
14 transferred.

15 **(3)** For property valued at \$400,000 or more but less than \$500,000, the tax is \$4
16 for each \$1,000 or fractional part of \$1,000 of the value of the property
17 transferred.

18 **(4)** For property valued at \$500,000 or more but less than \$600,000, the tax is \$5
19 for each \$1,000 or fractional part of \$1,000 of the value of the property
20 transferred.

21 **(5)** For property valued at \$600,000 or more but less than \$700,000, the tax is \$6
22 for each \$1,000 or fractional part of \$1,000 of the value of the property
23 transferred.

24 **(6)** For property valued at \$700,000 or more but less than \$800,000, the tax is \$7
25 for each \$1,000 or fractional part of \$1,000 of the value of the property
26 transferred.

27 **(7)** For property valued at \$800,000 or more but less than \$900,000, the tax is \$8
28 for each \$1,000 or fractional part of \$1,000 of the value of the property
29 transferred.

30 **(8)** For property valued at \$900,000 or more but less than \$1,000,000, the tax is
31 \$9 for each \$1,000 or fractional part of \$1,000 of the value of the property
32 transferred.

33 **(9)** For property valued at \$1,000,000 or more, the tax is 1% of the value of the
34 property transferred.

35 **Sec. 3. 36 MRSA §4641-B, sub-§4**, as amended by PL 2005, c. 644, §4, is
36 further amended to read:

37 **4. Distribution of State's share of proceeds.** The State Tax Assessor shall pay all
38 net receipts received pursuant to this section to the Treasurer of State; and shall at the

1 same time provide the Treasurer of State with documentation showing the amount of
2 revenues derived from the tax imposed by section 4641-A, subsection 1 and the amount
3 of revenues derived from the tax imposed by section 4641-A, subsection 2. The
4 Treasurer of State shall credit ~~1/2~~ 10% of the revenues derived from the tax imposed by
5 section 4641-A, subsection 1 to the ~~General Fund~~ county where the tax was collected and
6 shall monthly pay 45% of the remaining ~~1/2 of such~~ revenues to the Maine State Housing
7 Authority, which shall deposit the funds in the Housing Opportunities for Maine Fund
8 created in Title 30-A, section 4853, except ~~that in fiscal year 2003-04, fiscal year 2004-05~~
9 ~~and fiscal year 2005-06, \$7,500,000 of the remaining 1/2 of those revenues must be~~
10 ~~transferred to the General Fund before any payments are made to the Maine State~~
11 ~~Housing Authority and in fiscal year 2006-07, \$7,687,067 of the remaining 1/2~~ 45% of
12 those revenues must be transferred to the General Fund before any payments are made to
13 the Maine State Housing Authority and the remaining 45% to the so-called circuit breaker
14 reserve established, maintained and administered by the State Controller from General
15 Fund undedicated revenue within the individual income tax category. If the tax collected
16 is not paid over by the 10th day of the month, the Treasurer of State may impose interest
17 pursuant to section 186. The Treasurer of State shall credit to the General Fund all of the
18 revenues derived from the tax imposed by section 4641-A, subsection 2.

19

SUMMARY

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

28 Ten percent of the revenue from the tax is credited to the county where the tax was
29 collected, 45% to the Maine State Housing Authority and 45% to the so-called circuit
30 breaker reserve to fund the Maine Residents Property Tax Program.