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TAXATION

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

COMMITTEE AMENDMENT “ ” 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 \$3.80 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 \$3.80 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**

Initiative: Provides one-time funding for computer programming costs.

GENERAL FUND	2025-26	2026-27
All Other	\$79,500	\$0
GENERAL FUND TOTAL	\$79,500	\$0

**ADMINISTRATIVE AND FINANCIAL
SERVICES, DEPARTMENT OF
DEPARTMENT TOTALS**

	2025-26	2026-27
GENERAL FUND	\$79,500	\$0
DEPARTMENT TOTAL - ALL FUNDS	\$79,500	\$0

**HEALTH AND HUMAN SERVICES, DEPARTMENT OF
Housing First Program Z374**

Initiative: Adjusts funding for the Housing First Fund due to changes in the real estate transfer tax.

OTHER SPECIAL REVENUE FUNDS	2025-26	2026-27
All Other	\$1,491,000	(\$46,000)
OTHER SPECIAL REVENUE FUNDS TOTAL	\$1,491,000	(\$46,000)

**HEALTH AND HUMAN SERVICES,
DEPARTMENT OF
DEPARTMENT TOTALS**

	2025-26	2026-27
OTHER SPECIAL REVENUE FUNDS	\$1,491,000	(\$46,000)
DEPARTMENT TOTAL - ALL FUNDS	\$1,491,000	(\$46,000)

**HOUSING AUTHORITY, MAINE STATE
Housing Authority - State 0442**

Initiative: Adjusts funding for the Housing Opportunities for Maine Fund due to changes in the real estate transfer tax.

OTHER SPECIAL REVENUE FUNDS	2025-26	2026-27
All Other	\$2,982,000	(\$6,709,000)
OTHER SPECIAL REVENUE FUNDS TOTAL	\$2,982,000	(\$6,709,000)

Housing Production Fund N557

Initiative: Allocates funds to support the federal low-income housing tax credit, the rural affordable rental housing program and the affordable homeownership program.

OTHER SPECIAL REVENUE FUNDS	2025-26	2026-27
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All Other	\$0	\$17,258,000
OTHER SPECIAL REVENUE FUNDS TOTAL	<u>\$0</u>	<u>\$17,258,000</u>

**HOUSING AUTHORITY, MAINE STATE
DEPARTMENT TOTALS**

	2025-26	2026-27
OTHER SPECIAL REVENUE FUNDS	\$2,982,000	\$10,549,000
DEPARTMENT TOTAL - ALL FUNDS	<u>\$2,982,000</u>	<u>\$10,549,000</u>

SECTION TOTALS

	2025-26	2026-27
GENERAL FUND	\$79,500	\$0
OTHER SPECIAL REVENUE FUNDS	\$4,473,000	\$10,503,000
SECTION TOTAL - ALL FUNDS	<u>\$4,552,500</u>	<u>\$10,503,000</u>

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

SUMMARY

This amendment, which is the majority report of the committee, replaces the changes made by the bill to the real estate transfer tax. The amendment increases the real estate transfer tax on property with a value of more than \$1,000,000 to impose a tax of \$6.00, or an additional \$3.80, for each \$500 of the value of the property being transferred above \$1,000,000. The amendment changes the distribution of funds from the real estate transfer tax, including requiring 30% to be distributed to a new fund in the Maine State Housing Authority to support affordable housing, and requires the funds to be distributed as a percentage, not as a cascade. The amendment also specifies that the exemption from the real estate transfer tax for first-time home buyers receiving financial assistance through the Maine State Housing Authority applies to both the seller and the buyer of the property. The amendment also adds an appropriations and allocations section.

FISCAL NOTE REQUIRED

(See attached)