Maine County Commissioners Association

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April 3, 2025

Sen. Grohoski, Chair
Rep. Cloutier, Chair
Joint Standing Committee on Taxation
100 State House Station
Augusta, ME 04333

Re: ***Comments of MCCA regarding LD 1082, An Act to Invest in Maine's Families and Workforce by Amending the Real Estate Transfer Tax***

Chair Grohoski, Chair Cloutier, and Members of the Joint Standing Committee on Taxation:

On behalf of the Maine County Commissioners Association, we appreciate the opportunity to provide testimony to this Committee ***neither for nor against*** LD 1082. We take no position on the transfers discussed in the bill except for highlighting the critical need for the counties to retain the 10% of funding received pursuant to 36 M.R.S. §4641-B(3).

About MCCA. Briefly, the Maine County Commissioners Association was established in 1890 to assist Maine's county government in providing vital services to Maine citizens in a responsive, efficient, and credible manner. The Association is based in Augusta, represents all 16 of Maine's counties, and is governed by a board with representation from each participating county.

What does LD 1082 do? LD 1082 proposes to amend Maine's real estate transfer tax by increasing the rate from $2.20 to $5.00 per $500 for property transfers valued at $1,000,000 or more. It also exempts homebuyers utilizing the Maine State Housing Authority's first-time home-buyer mortgage loan programs from this tax. The additional revenue generated is allocated to support affordable housing initiatives, including the Maine Energy, Housing and Economic Recovery Program, the Housing First Fund, and the Housing Opportunities for Maine Fund.

Discussion. MCCA takes no position regarding the proposed increase in the transfer tax in this bill, nor does MCCA take a position regarding the new allocation of funding associated with the net revenues from the tax. Rather, our concern is narrowly focused on the responsibility that falls on county government to collect this tax, an important responsibility for which counties are directed to retain 10% of the tax collected. This provision of state law is set forth in 36 M.R.S. §4641-B(3), and LD 1082 includes no language altering this provision.

If LD 1082 were later amended to modify the current requirement in law that counties retain 10% of the collections under the real estate transfer tax, the financial impact would be felt by local property taxpayers throughout the state who are primarily responsible for funding county government operations. On their behalf, MCCA would strongly oppose such a change in law. Counties are already under-resourced and overly reliant on local property taxpayers.

Overall, absent any change to the law related to the 10% share of the tax required to be retained by counties, MCCA takes no position on the changes proposed in LD 1082.

Conclusion. We appreciate the opportunity to provide testimony regarding this bill. If you have questions or need additional information, please do not hesitate to let us know.

Respectfully submitted,

Stephen T. Gorden

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cc: Commissioner Andre Cushing, President, MCCA
James I. Cohen, Verrill Dana, LLP, Legislative counsel for MCCA