

131st Legislature
Senate of Maine
Senate District 28

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Transportation Committee, Chair
Taxation Committee, Member

Testimony of Senator Ben Chipman introducing
LD 1454, "An Act Regarding the Distribution of Revenue from the Real Estate Transfer Tax,"
Before the Joint Standing Committee on Taxation
January 25, 2024

Senator Grohoski, Representative Perry, and distinguished members of the Joint Standing Committee on Taxation, I am Senator Ben Chipman. I represent Senate District 28, which includes part of Portland, including Peaks Island. Today, I am introducing an amendment to LD 1454, "An Act Regarding the Distribution of Revenue from the Real Estate Transfer Tax."

As you know, countless Mainers are grappling with the housing affordability crisis. Homeownership, once a cornerstone of the American Dream, is slipping away for many due to escalating property prices. This crisis demands our immediate attention, and I'm very pleased with how responsive this Committee has been toward leveraging tax laws as one way to address this statewide issue.

The amendment I am presenting to LD 1454 is yet another way we can address this pressing issue. The amendment proposes a graduated real estate transfer tax, ensuring that high-value real estate transactions contribute a fair share to the common good.

Specifically, the rate of the tax will be adjusted to \$2.70 for each \$500 or fractional part of \$500 of the property value that exceeds \$1,000,000. This approach targets only the top-tier, most expensive property transactions, which are often second homes. This change in the RETT is an effort to safeguard the interests of the majority of property owners and buyers in Maine.

The revenue generated from this adjustment is an investment in the future of Maine's housing affordability. These funds will continue to be allocated to the current housing initiatives, continuing our commitment to tackling the housing affordability crisis head-on. The existing strategic allocations ensure that the additional revenue serves the broader goal of making housing accessible and affordable for all Mainers.

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Passing this amended version of LD 1454 would reaffirm our dedication to fostering a state where we contribute what we can and every individual has the opportunity to acquire a safe and secure home.

Thank you for your consideration, and I'm happy to answer any questions.

Sincerely,



Ben Chipman
State Senator, Senate District 28
Representing part of Portland, including Peaks Island

LD 1454
LR 1717
Sen. Chipman
TAX
jsj 1-25-24

SPONSOR PROPOSED AMENDMENT
to LD 1454

COMMITTEE AMENDMENT” to L.D. 1454, “An Act To Regarding the Distribution of Revenue from the Real Estate Transfer Tax”

Amend the bill by striking out everything after the enacting clause and inserting the following:

Sec. 1. 36 MRSA §4641-A, sub-§1, ¶A, 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, except that for transfers occurring on or after October 1, 2022, the rate of the tax is \$2.20 for each \$500 or fractional part of \$500 of the value of the property transferred that is less than or equal to \$1,000,000 and the rate of tax is \$2.70 for each \$500 or fractional part of \$500 of the value of the property transferred that exceeds \$1,000,000.

Sec. 2. 36 MRSA §4641-A, sub-§2, ¶A, 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 real property owned by the entity and located in this State, except that for transfers occurring on or after October 1, 2022, the rate of the tax is \$2.20 for each \$500 or fractional part of \$500 of the value of the real property owned by the entity and located in this State that is less than or equal to \$1,000,000 and the rate of tax is \$2.70 for each \$500 or fractional part of \$500 of the value of real property owned by the entity that exceeds \$1,000,000.

Sec. 3 36 MRSA §4641-B, subsection 4-A, §H is enacted to read:

H. Notwithstanding the other provisions of this section, the State Treasurer shall credit to the General Fund the portion of the revenue derived from the tax at the rate of \$2.70 assessed on the value of real property that exceeds \$1,000,000 under Sections 4641-A, subsection 1, paragraph A and subsection 2, paragraph A.

SUMMARY

This amendment replaces the bill. The amendment increases the rate of the real estate transfer tax for the buyer and seller to \$2.70 per \$500 or the fractional part of \$500 of that portion of the value of the property transferred that exceeds \$1,000,000.