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RE: LD 2124 – An Act to Support Emergency Shelter Funding Using Revenue From the Real Estate Transfer Tax

Senator Curry, Representative Gere, and distinguished members of the Joint Standing Committee on Housing and Economic Development, thank you for the opportunity to testify today.

My name is Gail Clark, and I am the Register of Deeds for Piscataquis County. I am speaking today on behalf of Jessica Spaulding, the Register of Deeds for Cumberland County, President of the Maine Registers of Deeds Association, as well as other members of the Association.

I am giving testimony against LD 2124

Registers of Deeds are responsible for collecting real estate transfer tax on behalf of Maine Revenue Services. We take our responsibility as state tax collectors seriously and are committed to ensuring these taxes are collected accurately. Registry offices serve as the first line of defense in collecting the State's real estate transfer tax revenue by ensuring this tax is paid at the time of recording.

Maine Revenue Services requires a declaration of Value form be filed with most deed transactions. When an exemption is claimed, Registry staff must verify that the exemption is statutorily valid. This is not automatic or simple. It often requires reviewing statutes, checking municipal records, and having difficult conversations with attorneys and other submitters. Resolving issues can take several days.

There are currently 22 statutory exemptions, many with subcategories and detailed requirements. Registry staff must be familiar with each of these exemptions. Most exempt filings still requires a Declaration form. These forms are often the most challenging part of the process due to frequent errors. We must review each form, confirm that the exemption claim is valid, explain Maine Revenue requirements to submitters, and help them correct any mistakes. Even though no transfer tax is collected, the form must still be processed and transmitted to Maine Revenue Services. In exempt transactions, the Registry receives \$0 in transfer tax but still incurs 100% of the labor costs to process the form. In effect, Registry staff are performing a manual audit on behalf of Maine Revenue Services for every filing.

Proponents of LD 2124 refer to the county's share of the transfer tax as merely an "administrative fee," but this description understates its importance. Not only does it ignore the significant time and workload involved in every deed transaction, but it also overlooks the impact this revenue has on county budgets. The county's portion of the transfer tax is not used to fund Registry operations; it goes into the county's general fund to for essential county services and to offset town property taxes.

Reducing the county's share of revenue from taxable deeds—while the workload for exempt deeds remains constant—will place an undue burden on county government; requiring towns to pay more in taxes to make up for the county's lost revenue. Ultimately this will be a tax increase for all property owners statewide.

We recognize the need for stable funding for emergency shelters. However, for these reasons, we respectfully ask the committee to vote **Ought Not to Pass on LD 2124** and to consider alternative funding solutions that do not place additional strain on county governments, towns, and property owners.

Thank you for your time and consideration.