

Maine County Commissioners Association

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February 10, 2026

Sen. Curry, Chair
Rep. Gere, Chair
Joint Standing Committee on Housing
And Economic Development
100 State House Station
Augusta, ME 04333

Re: ***Comments of MCCA regarding LD 2124, An Act To Support Emergency Shelter Funding Using Revenue From The Real Estate Transfer Tax***

Chair Curry, Chair Gere, and Members of the Joint Standing Committee on Housing and Economic Development:

On behalf of the Maine County Commissioners Association, we appreciate the opportunity to provide testimony to this Committee ***in strong opposition*** to LD 2124. While counties fully recognize the seriousness of Maine's housing and homelessness challenges, this bill unfairly asks local property taxpayers to bear a greater burden of housing costs rather than having such costs come from other statewide sources of revenue unrelated to housing. More specifically, if the Legislature believes that additional revenues from the real estate transfer tax (RETT) should be allocated to local emergency shelters, we believe those revenues should come from the remaining revenues collected from the RETT received by state government, not the share coming from county government which is already almost exclusively reliant on property taxes for their operations.

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 2124 do? LD 2124 would redirect a portion of the revenue generated by the real estate transfer tax away from counties and toward State-administered emergency shelter programs. In doing so, the bill would reduce the share of transfer tax revenue that counties currently retain to offset the significant administrative costs associated with collecting, processing, and enforcing the tax through county registries of deeds. By diverting this revenue, LD 2124 would shift the cost of administering the real estate transfer tax from the State to county governments, leaving counties to absorb those costs through their primary remaining revenue source—local property taxes. The bill does not provide counties with an alternative funding mechanism to replace the lost revenue, effectively imposing a new unfunded mandate on county government while increasing pressure on already overburdened property taxpayers.

The county share of the transfer tax is intended to offset the cost of collecting the tax. Although the real estate transfer tax has been in existence for many years, counties began collecting the real estate transfer tax in 2007 with a clear understanding: counties would retain a portion of the revenue as an

administrative fee in recognition of the substantial and ongoing workload associated with collection, compliance, and reporting. That administrative share is not surplus revenue. It exists to offset real, daily costs borne by county registries of deeds.

County registrars and registry staff spend significant time administering this tax, including responding to daily phone calls from attorneys, buyers, sellers, and title companies; navigating the Maine Revenue Services electronic portal; interpreting frequently changing and often vague MRS guidance; determining whether exemptions apply; and correcting filings when errors occur. Registry staff routinely spend 10 to 15 hours per week simply entering information into the transfer tax portal—time that does not include phone calls, correspondence, or follow-up with MRS. In some counties, transfer tax revenue can cover a substantial portion of a registry’s operating budget. Diverting this funding would directly impact core registry operations.

LD 2124 shifts State costs onto property taxpayers, essentially raising the cost of home ownership.

LD 2124 has a worthy goal: increasing the amount of revenues going to local government entities operating emergency shelters. The problem with LD 2124 is that the revenues proposed for distribution to local government actually derives from local property taxpayers who fund county government. This represents a cost shift among property taxpayers, not a reduction in the overall burden being placed on property taxpayers. Very simply, counties rely almost exclusively on property taxes to fund their operations, other than the relatively limited amounts that counties receive from the State of Maine for jail operations or for operating their registries of deeds. Counties do not have alternative revenue sources. So, any reduction in transfer tax revenue retained by counties must ultimately be made up by local property taxpayers. This bill therefore functions as a mandate that increases property taxes payable to counties.

To put this cost shift in context, of the approximately 90 percent of real estate transfer tax revenue that is retained by the State, roughly 20 percent is transferred to the General Fund. In the most recent fiscal year, that amount totaled approximately \$11 million. By contrast, LD 2124 would reduce the county share of transfer tax revenue by approximately 1.8 percent to support emergency shelter operating subsidies, an amount estimated at roughly \$1.14 million annually. The practical effect of the bill is not to create new funding for shelters outside the property tax, but rather to shift local property tax burdens for shelters from one set of municipalities to another. If the State truly wanted to reduce the burden of emergency shelters on local property taxpayers, instead of using the county share of the real estate transfer tax, they should use its own share of such taxes going to the General Fund. The following table illustrates the relative scale of transfer tax revenues retained by the State compared to the amount proposed to be redirected from counties under LD 2124.

10%			
1)	Real Estate Transfer Tax collected (including CITT & FPTT)	\$ 63,541,564.42	
2)	County's 10% Commission	\$ 6,354,156.44	
3)	Remittance to state 90%	\$ 57,187,407.98	
8.2%			
1)	Real Estate Transfer Tax collected (Including CITT & FPTT)	\$ 63,541,564.42	1.80% \$ 1,143,748.16
2)	County's 8.2% Commission	\$ 5,210,408.28	8.20% \$ 5,210,408.28
3)	Remittance to state 90%	\$ 57,187,407.98	18.00% \$ 10,293,733.44 32.00% \$ 18,299,970.55 30.00% \$ 17,156,222.39 20.00% \$ 11,437,481.60
			LD2124 Allocated as part of the operations share of the shelter operating subsidy program
			Title 38 §4641-B. Housing First Fund Housing Opportunities for Maine Fund Housing Production Fund General Fund
			\$ 63,541,564.42
<p>Question to Legislators: If there is already \$11M being allocated to the General Fund, why the need to take 1.8% from the Counties...? Why not create a mechanism to take 1.8% from the General Fund allocation...?</p>			

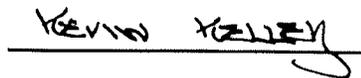
Counties are already under significant fiscal pressure. A substantial part of county operating costs relates to county jails, very little of which is funded by the State despite the fact that county jails are a key component of the State's criminal justice system. Even though counties operate jails, state courts decide who should be incarcerated and for how long, state legislators decide what activities should be criminalized, and the decision to arrest an individual often rests with law enforcement agencies outside of counties.

Local property taxes impact housing affordability in Maine. Many Mainers struggle to remain in their homes due to the costs of homeownership or the cost of rent. Part of these housing costs relate to local property taxes which are assessed without regard to income or net worth. So, when property taxes go up, housing gets less affordable.

If the goal is to help increase housing, state support for emergency shelters should not be funded through property taxpayers. MCCA supports efforts to increase housing availability and address homelessness. However, if the State wishes to fund emergency shelter programs, it should do so using State resources, not by diverting revenue from county governments that must be made up through higher property taxes. If the policy of supporting emergency shelters is truly a policy priority of the Maine Legislature, the Legislature should not simply reallocate local property taxes to pay for this priority, but instead the Legislature should step forward with its own resources – including the more than 90% of revenues derived from the real estate transfer tax that goes to the State's General Fund or the Maine State Housing Authority.

Conclusion. LD 2124 represents a fundamental shift away from the original purpose of the county share of the real estate transfer tax and would impose a new, unfunded mandate on counties and local property taxpayers. If the Maine Legislature believes state support is needed for local emergency shelters, which we think is a worthy cause, the Legislature should fund such services directly rather than simply reallocating local property taxes. For these reasons, the Maine County Commissioners Association strongly opposes LD 2124.

Respectfully submitted,



Kevin Kelley
Co-Chair, Legislative Policy Committee, MCCA



Jean-Marie Caterina
Co-Chair, Legislative Policy Committee, MCCA

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