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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, distinguished members of the Joint Standing Committee on Housing and Economic Development.

I am Susan Bulay, Register of Deeds for Penobscot County, speaking today on behalf of the several members of the Maine Registers of Deeds Association.

Since bills involving Real Estate Transfer Tax are usually assigned to the Joint Standing Committee on Taxation, we thought perhaps a brief history of transfer tax might be in order today.

Transfer tax was originally a federal tax administered by the Internal Revenue Service. In 1967 the federal government stopped assessing a tax on every property transfer and the State of Maine picked up the tax. The State Tax Assessor recruited the county registers of deeds to collect the tax and paid them a 10% commission for doing so. There were 5 exemptions to the tax. In 1975, while the tax rate remained 55 cents for every \$500 of value, the exemptions were increased to 10. In 1983 the rate of tax was increased to \$1.10 per \$500 of value paid only by the grantor and in 1985 the rate was \$1.10 per \$500 of value but payable by Both the grantor and the grantee. In 1994, 8 more exemptions were added and with the exemptions added by the first session of the 132nd legislature, there are now a total of 22 exemptions to the transfer tax. But in the first session, the percentage of the tax that remains with the county after staying at 10% for over 50 years was reduced to 9.2% for fiscal years 2025-26 and 2026-27.

And let's now look at the history of the transfer tax form itself. Instituted in 1975, it was designed to help the Register figure the tax to collect and to help the town tax assessor with changing the assessment records. The transfer tax form was to be filed with the deed and the Register was to send them to the state at month's end along with the check for the state's share of the transfer tax. In 2015, Maine Revenue by rule set up a procedure for deed submitters to fill out the form online and the Registry has to go online after recording and fill in recording information. In 2025, Penobscot County recorded 6008 deeds. Let's say half of them had an electronic form. It takes 3 to 5 minutes per form for the Registry of fill in its part. That's 150 to 250 minutes per year of my employee working for the state rather than the county with no additional remuneration from the state.

The transfer tax money retained by the county registry of deeds goes to the general fund of the county where it is used to offset the expenses of important county functions, such as the jail, rural patrol, E911 dispatch, probate services, and Emergency Management among others. The burden of funding these essential community services will have to be paid for in full by the taxpayers if not offset by Transfer Tax revenues.

We urge this committee to consider the negative financial impact of this bill on county services and vote Ought Not to Pass on LD 2124.