

**TESTIMONY OF  
MICHAEL J. ALLEN, ASSOCIATE COMMISSIONER FOR TAX POLICY  
DEPARTMENT OF ADMINISTRATIVE AND FINANCIAL SERVICES**

Before the Joint Standing Committee on Housing and Economic Development  
Hearing Date: *February 10<sup>th</sup>, 2026*

LD 2124 – *“An Act to Support Emergency Shelter Funding Using Revenue from  
the Real Estate Transfer Tax”*

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Senator Curry, Representative Gere, and members of the Housing and Economic Development Committee – good afternoon, my name is Michael Allen, Associate Commissioner for Tax Policy in the Department of Administrative and Financial Services. I am testifying at the request of the Administration Neither For Nor Against LD 2124, *“An Act to Support Emergency Shelter Funding Using Revenue from the Real Estate Transfer Tax.”*

Beginning September 1, 2026, this bill would reduce the percentage of the real estate transfer tax revenue retained by counties to 8.2% and would transfer 1% of the real estate transfer tax’s revenue to the Maine State Housing Authority for deposit in the shelter operating subsidy program. Beginning August 1, 2027, the percentage of revenue transferred to the Maine State Housing Authority for deposit in the shelter operating subsidy program increases to 1.8%.

Under current law, 90% of the revenue from the real estate transfer tax is submitted to the State and 10% is retained by the counties, except that, for fiscal years 2025-26 and 2026-27, the percentage retained by the counties is reduced to 9.2%.

Allocation of revenues from the Real Estate Transfer Tax (“RETT”) is provided under 36 M.R.S. 4641-B. The provisions being amended by this

legislation were substantially amended during the most recent legislature (P.L. 2025 c. 388 and 498).

Should the Committee choose to move forward with the bill under its current approach, there are several technical and legal concerns that should be addressed. See the appendix for details.

The preliminary fiscal impact estimate is not available at this time, but the bill will result in an increased proportion of RETT revenue being remitted to the State.

The bill's estimated administrative costs are under review, but the bill as drafted will incur some computer programming costs.

The Administration looks forward to working with the Committee on the bill.

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### **Appendix:**

- It is not clear whether the percentage to be credited to the shelter operating subsidy program under the new paragraph E-4 is calculated based on the total tax collected or the amount remitted to the State.
- It is not clear how proposed paragraph E-4 interacts with existing paragraphs E-2, E-3, and F.
- The bill states that it takes effect September 1, 2026. However, this may create confusion depending on the timing of the Legislature's adjournment since the bill repeals and replaces existing law.