

Report to the Brookline Land Bank Committee on bills before the legislature calling for a Real Estate Transfer Tax

Harold Petersen, December 20, 2018

There are two bills before the legislature calling for a real estate transfer fee, both of them filed by Rep. Mike Connolly of Cambridge. It is almost certain that neither will pass in this session of the legislature, but both are likely to be re-filed in January.

H4196 would authorize any municipality in the state to enact, as a local option, a real estate transfer fee between .5% and 2%, with the proceeds to fund affordable housing.

H4662, a home rule petition, would authorize the city of Somerville to enact a real estate transfer fee up to 2% of the purchase price, with the proceeds to fund affordable housing.

H4196 was reported favorably by the Joint Committee on Municipalities and Regional Government on Feb. 18, 2018 with a recommendation that the bill "ought to pass." It was referred to the House Steering, Policy and Scheduling Committee, which on March 12, 2018 reported that the matter be placed in the Orders of the Day for the next sitting for a second reading.

H4662 was reported favorably by the Joint Committee on Revenue on June 27, 2018 with a recommendation that it ought to pass. (One member of the committee dissented.) The bill was referred to the House Steering, Policy and Scheduling Committee, with no action taken on the bill in the session about to end.

I spoke with Catherine Anderson, the legislative assistant to Sen. Creem, on Dec. 11 or 12 concerning H4662 (the Somerville home rule petition.) and with Mike Connolly's legislative assistant on Dec. 17 concerning both bills. Both conceded that the real estate industry is opposed to any bill proposing a real estate transfer tax or fee and that the real estate lobby is very strong.

It is my impression that the land banks for Nantucket and Martha's Vineyard, both funded by real estate transfer taxes, are looked upon as special cases and that there is very little support in the legislature for such ventures by other cities or towns. The legislators see open space as dealt with through the community preservation act, and to a lesser extent affordable housing dealt with through the community preservation act.

In addition to Rep. Connolly's two bills, a bill providing for a real estate transfer tax may be filed on behalf of Provincetown in the coming session of the legislature.