



Janet T. Mills
GOVERNOR

STATE OF MAINE
OFFICE OF THE GOVERNOR
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AUGUSTA, MAINE
04333-0001

June 23, 2021

The 130th Legislature of the State of Maine
State House
Augusta, Maine

Dear Honorable Members of the 130th Legislature:

By the authority vested in me by Article IV, Part Third, Section 2 of the Constitution of the State of Maine, I am hereby vetoing L.D. 418, *An Act to Create a Graduate Real Estate Transfer Tax*.

L.D. 418 would increase the real estate transfer tax on certain property transactions. The problem with this bill is twofold. First, it is a tax increase. As Governor, I have remained steadfast in my commitment not to raise taxes on Maine people and businesses, especially at a time when the Maine economy is attempting to recover from the economic impact of the pandemic. Avoiding tax increases is important for positioning the State's economy to rebound quickly and strongly. Second, the bill is unnecessary to achieve its intended purpose. L.D. 418 is designed to provide additional dedicated revenue for the Housing Opportunities for Maine (HOME) Fund to support low-income and affordable housing. But the HOME Fund is financially sound and not in need of the relatively modest increase in revenue this bill would yield.

A result of Maine's booming real estate market, in FY21 the Real Estate Transfer Tax is projected to generate \$4.5 million more for the HOME Fund than in FY20. By comparison, L.D. 418 would be projected to raise only an additional \$749,000 for the HOME Fund during its first full fiscal year in effect, less than 3% over currently forecasted revenues in the same year. It is more effective, and less detrimental to the broader economy, to support the HOME Fund and the important purposes it serves by managing the State budget responsibly as well as using new federal funds for housing needs, rather than raising taxes.

For these reasons, I return L.D. 418 unsigned and vetoed, and I urge the Legislature to sustain this veto.

Sincerely,

Janet T. Mills
Governor



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