

Increase the Deeds Excise Tax to Raise Funds for Affordable Housing and the Environment

Background

Governor Charlie Baker has filed legislation to increase the Deeds Excise Tax by 50% and use the new funding to support local investments for climate resiliency. Other bills pending in the State House have proposed to authorize local cities and towns to adopt their own transfer taxes in support of affordable housing. House and Senate leaders have said that they will look at new revenue options later this year.

MACDC is part of a growing coalition that is calling on the legislature to increase the Deeds Excise Tax by 100%, so there is additional revenue to fund affordable housing.

The current Deeds Excise Tax

Currently, the Deeds Excise Tax is collected by Country Registers of Deeds at the point of sale and funds go into the General Fund of the State. The current rate is \$4.56 per \$1000 and **hasn't been raised in 50 years**.

If the rate is doubled to \$9.12 per \$1000, that's still less than CT which is at \$10.50, New York and Vermont which are at \$12.50, and New Hampshire which is at \$15 per \$1000.

Doubling the Deeds Excise Tax will generate an estimated **\$350 million in new revenue**. [Figures extrapolated from Suffolk County, which raised \$67.5 M at the \$4.56 per \$1000 rate and collects approximately 20% of the Deeds Excise Tax that's raised across the state.]

Proposal – Double the Deeds Excise Tax and Allocate the New Funding 50/50.

We urge the legislature to double the deeds excise tax to \$9.12 and allocate the new revenue for two critical statewide needs:

CLIMATE: We support Governor Baker's call to invest substantially in climate resiliency. We recommend that 50% of the new revenue (approx. \$175 million/yr.) be invested in his Climate Resiliency Program.

HOUSING: We call on the legislature to allocate 50% of the new revenue (approx. \$175 million/yr.) to affordable housing, with 60% of that going to the Affordable Housing Trust Fund and 40% going to the Housing Preservation and Stabilization Fund (HPSF), so additional resources can be targeted to meet the needs of extremely low- income households through MRVP.

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