

Advisor's Brief: Submission 02-03-0207
Date: March 8, 2007
Policy: Special Purpose Tax
Focus: Real Estate Transfer Tax

Summary

This proposed policy grant qualifying municipalities with authority to impose a 2% tax on real estate at the time of sale. The policy is inked to the proposed Uniform Urban Renaissance Code Standards (UURCS).

Current Law

Under existing law, legislative approval is required for special purpose taxing.

Proposed Policy

This proposed policy would grant special taxing authority to qualifying municipalities that adopt Uniform Urban Renaissance Code Standards. Qualifying municipalities as defined in the UURCS policy would be authorized to impose a 2 % tax on the selling price of the real estate at the time of mortgage closure or registration of deed transference. Twenty-five percent of the tax shall be dedicated to administration of the provisions associated with enactment of Uniform Urban Renaissance Code Standards in general, and the reasonable and necessary cost of repair and improvement of commercial properties to meet said standards.

Unlike property taxes which are passed on to renters and other low-income taxpayers, much of this tax would come from those with incomes sufficient to own and sell real estate. As not to create a disincentive for attracting young families, first time home owners would be exempted from the tax.