



This Week in State Tax (TWIST)

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Multistate: Real Estate Transfer Tax Increases on the Horizon?

Governor Maura Healey of Massachusetts recently unveiled an estimated \$4 billion plan to invest in affordable housing. One component of the proposal, called the Affordable Homes Act, would allow municipalities to impose local option real estate transfer fees of 0.5 percent to 2 percent on the portion of sales of real estate over \$1 million, or over the county median home sales price, whichever is greater. These fees would be paid by the seller upon the transfer of a real property interest between buyer and seller. The Act sets forth various types of transfers that would be exempt from municipal transfer fees. The revenue raised from the fees would be required to be used for affordable housing purposes. The legislation would need to be approved by the lawmakers, and then adopted by the governing body of the adopting municipality.

Massachusetts is not the only jurisdiction considering increasing taxes or fees on higher value real estate. In Chicago, a proposal is pending that would revise the City's transfer tax. Currently, the transfer tax is generally 0.75 percent of a property's sales price. Under the Bring Chicago Home proposal, any sales up to \$1 million would be taxed at 0.6 percent, and sales between \$1 million and 1.5 million would be taxed at 2.0 percent on the amount over \$1 million. Sales greater than \$1.5 million would be taxed at 3.0 percent on the amount over \$1.5 million. The additional revenue generated from the proposed transfer tax would be allocated to the fight against homelessness. This measure would need to be approved by the City Council and then by Chicago voters (March 2024), before finally being adopted as an ordinance by the Council. Please stay tuned to TWIST for updates on these measures.

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