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Cities and States Look to Tap More Tax Revenue From Expensive Real Estate Sales.

“It basically allows for luxury housing to pay for affordable housing,” said a Boston city council member describing a “transfer” tax proposal there.

Taxes targeting big-dollar and speculative real estate deals are proving to be attractive for politicians in a number of states and cities, offering them a way to generate additional tax revenue when luxury homes and office buildings change hands.

These “transfer” or “mansion” taxes—which are kind of like sales taxes on property transactions—are not a new concept and are on the books in various forms in about three dozen states. But some city and state leaders, particularly in places with hot real estate markets, are now looking to make changes in how the taxes are structured and used.

Policymakers are eyeing the taxes not only to fill budget holes, but also to address issues they see as tied to rising income inequality. In the Boston area, for example, politicians are seeking to tap the revenue stream from these taxes to address the challenges associated with skyrocketing housing costs, like the lack of affordable rentals.

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Route Fifty

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