

**SECTION-BY-SECTION SUMMARY OF THE DRAFT HOME RULE PETITION:  
AN ACT AUTHORIZING THE CITY OF SOMERVILLE TO IMPOSE A REAL  
ESTATE TRANSFER FEE**

SECTION 1.

This section sets out legislative findings and the purpose of the act.

**SECTION 2. *Fee Authorized – 1% by Seller; 1% by Purchaser***

This section authorizes the City of Somerville (“City”) to impose a fee on the transfer of any real property interest in any real property situated in the City. For each transfer, the seller may be subject to a fee equal to 1% of the purchase price, and the purchaser may be subject to a fee equal to 1% of the purchase price. If the seller or purchaser is not exempt, the fee must be paid at the time of the transfer.

There are exemptions that may result in the seller and/or the purchaser not having to pay the fee.

**SECTION 2(a). *When a Seller is Exempt from the Fee***

If the seller has received a residential exemption for the property being transferred for the two years prior to the date of the transfer, no fee is due from the seller.

If the seller is an heir or devisee and is selling the property within one year from the death of the former owner who would have been exempt from the fee, that seller is also exempt.

**SECTION 2(b). *When a Purchaser is Exempt from the Fee***

If the purchaser intends to seek the residential exemption for the property being transferred, the purchaser will not have to pay a fee if, prior to the transfer, the purchaser submits an affidavit stating the intention to apply for residential exemption, and then is granted the residential exemption and holds that status for two years.

If the transfer is completed and the purchaser does not get the residential exemption for that property as described above, the fee will become due. The City may adopt an ordinance to address collection of the fee. The City can use property tax collection and billing methods to collect the fee.

**SECTION 2(c). *Fee Revenue to Affordable Housing Trust***

This section requires all fees be deposited into the Somerville Affordable Housing Trust Fund.

**SECTION 3. *Administration of Fee and Exemptions***

When a purchaser and seller are transferring property, they must give the City: any required fee, and an affidavit stating the purchase price and whether the purchaser, the seller, or both are

exempt from paying the fee. The City reviews the filing and promptly issues a certificate, which then allows the registry of deeds to record/register the deed.

**SECTION 4. *When a Transfer is Exempt From the Fee Meaning Seller and Purchaser Do Not Pay a Fee***

The following transfers shall be exempt: (a) transfers between family members as defined by the City; (b) transfers of convenience with consideration under \$100.00 as defined by the City; (c) transfers to the government of the United States or any other instrumentality, agency or subdivision thereof, or the commonwealth or any instrumentality or subdivision thereof; and (d) vulnerable seniors as defined by the City.

**SECTION 5. *Authority to Adopt Additional Exemptions and Regulations***

The City shall not eliminate any fee exemptions described above. The City can adopt additional exemptions (some examples are in section 5) by ordinance. The City can also adopt regulations to implement or enforce the fee.

**SECTION 6. *Use of Fee Revenue for Affordable Housing***

This section describes the affordable housing purpose of the fee, and lists examples of potential program uses.

**SECTION 7. *Annual Report.***

The City will issue an annual report on fee revenue and affordable housing impacts.