

STATE OF MAINE

IN THE YEAR OF OUR LORD  
TWO THOUSAND TWENTY-FIVE

S.P. 211 - L.D. 554

**An Act to Encourage Resident-owned Communities and Preserve Affordable  
Housing Through Tax Deductions**

**Be it enacted by the People of the State of Maine as follows:**

**Sec. 1. 36 MRSA §5122, sub-§2, ¶AAA** is enacted to read:

AAA. For taxable years beginning on or after January 1, 2025, to the extent included in federal adjusted gross income and to the extent otherwise subject to state income tax, an amount equal to any gain recognized on the sale by the taxpayer of an ownership interest greater than 50% in a qualified business if the business provides housing and was transferred to a cooperative affordable housing corporation organized under Title 13, chapter 85, subchapter 1-A or a municipal housing authority, as defined in Title 30-A, section 4702, subsection 10-A, or an affiliate of a municipal housing authority.

- (1) The deduction allowed pursuant to this paragraph may not exceed \$750,000.
- (2) For purposes of this paragraph, "qualified business" means a business whose securities are not publicly traded on any stock exchange, including a corporation, an S corporation, a limited liability company, a limited liability partnership, a sole proprietorship and all entities that are not publicly traded and are related by common majority ownership or control, and:
  - (a) That is registered with the Secretary of State; or
  - (b) Whose principal place of business is within the State.

**Sec. 2. 36 MRSA §5200-A, sub-§2, ¶JJ** is enacted to read:

JJ. For taxable years beginning on or after January 1, 2025, to the extent included in federal taxable income and to the extent otherwise subject to state income tax, an amount equal to any gain recognized on the sale by the taxpayer of an ownership interest greater than 50% in a qualified business if the business provides housing and was transferred to a cooperative affordable housing corporation organized under Title 13, chapter 85, subchapter 1-A or a municipal housing authority, as defined in Title 30-A, section 4702, subsection 10-A, or an affiliate of a municipal housing authority.

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(a) That is registered with the Secretary of State; or

(b) Whose principal place of business is within the State.

**Sec. 3. Evaluation; specific public policy objective; performance measures.**

The tax deductions provided under this Act are subject to ongoing legislative review in accordance with the Maine Revised Statutes, Title 3, chapter 37. The Office of Program Evaluation and Government Accountability shall include review of tax deductions provided under this Act in its regular schedule of tax expenditure reviews. In developing evaluation parameters to perform the evaluation, the Office of Program Evaluation and Government Accountability, the Government Oversight Committee and the joint standing committee of the Legislature having jurisdiction over taxation matters shall consider:

**1. Policy objective.** That the specific public policy objective of the tax deductions provided under this Act is to preserve and increase the number of units of affordable housing in manufactured housing parks and apartment buildings; and

**2. Performance measures.** Performance measures, including, but not limited to:

A. The number of full-time equivalent jobs retained and units of affordable housing created or retained;

B. The number of housing units converted to cooperative housing; and

C. Measures of fiscal impact and overall economic impact to the State.