

May 9, 2023

Taxation Committee  
131st Maine Legislature  
100 State House Station  
Augusta, ME 04333

Dear Senator Grohoski, Representative Perry, and Honorable Members of the Joint Standing Committee on Taxation:

My name is Sarah Hansen, and I am the Executive Director of Greater Portland Landmarks. Founded in 1964, our mission is to ensure that Greater Portland preserves its sense of place for all and builds vibrant, sustainable neighborhoods and communities for the future.

Together with Maine Preservation, we are here to offer support for LD 1810 which will:

- Improve the existing small credit by increasing the base credit from 25% to 30% and raising the qualified rehabilitation expenditure cap from \$250,000 to \$1,000,000.
- Create a 25% tax credit for historic owner-occupied residences and ancillary structures with a minimum homeowner expense of \$5,000 and maximum \$250,000. Energy efficiency and resiliency upgrades are included in the qualified expenditures.

An additional 5% could be obtained:

- by property owners at or below 120% of Area Median Income;
- for properties that include an affordable dwelling unit provided to a renter at or below 100% of Area Median Income; or
- for properties that have been vacant for more than five years.

In 2021, [the Office of Program Evaluation and Government Accountability analyzed Maine's Historic Rehabilitation Tax Credit](#) and found that the program's structure and administration are sound and efficient, and that the positive outcomes exceed the stated historic preservation goals while promoting affordable housing, job creation and economic growth. They also suggested that policymakers:

- “work with MHPC and stakeholders to clarify the small project credit’s purpose so that its effectiveness can be measured in the future.” (p.32)
- “consider whether expanding eligibility for the HTRC aligns with State policy priorities while weighing the costs and benefits of expanding eligibility.” (p. 33)

In Portland alone, there are 12 historic districts encompassing just over 1,860 buildings. Studies show that historic preservation investment also supports small business and good-paying labor jobs, improves property values, keeps money circulating in local economies, and catalyzes additional investment. In a draft economic impact analysis of historic preservation in Portland, it is estimated that these projects create 218 direct jobs and an additional 217 indirect and induced jobs every year.

While these projects are supporting high-paying jobs, the costs to property owners continue to rise through increasing materials and labor costs. This tax credit provides a necessary incentive for maintenance and weatherization. This will be a huge asset to property owners across the state and will ensure Maine has the right tools in place to address both our housing crisis and meet our ambitious climate goals.

We're offering an amendment that has been submitted electronically, and, to summarize, will do the following:

- Clarifies program eligibility
- Updates reporting requirements
- Corrects grammar, missing words, and citations
- Includes a clause with future-looking language for the homestead exemption to incorporate buildings that are currently vacant (referring to the incentive in 3.C.)
- Clarifies the maximum credit of \$62,500 or \$75,000 for certain taxpayers, and the timeline in which it can be taken
- Notes that both staff positions for the Maine Historic Preservation Commission will need to be filled at the beginning of the program in order to write rules, develop program guidance and interact with the public

For these reasons, Maine Preservation and Greater Portland Landmarks support the passage of LD 1810, so that all Mainers have the opportunity to support the places significant to them and their communities.

We are available to answer questions and participate in the working session. Please let us know if there is any additional information that we can provide.

Thank you.



Sarah Hansen  
Executive Director