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**Testimony in Opposition to LD 1710
("An Act to Establish the Maine Rental Assistance and Guarantee Program and Amend the
Laws Regarding Tenants and the Municipal General Assistance Program")**

J. Andrew Cashman on behalf of the Maine Association of REALTORS®

May 12, 2023

Senator Pierce, Representative Gere and members of the Joint Standing Committee on Housing, my name is Andy Cashman. I am the Founder of Resolve Government Relations, and we represent the Maine Association of REALTORS®, a professional trade association established in 1936 with over 6,500 members statewide. REALTORS® grow Maine's economy and build Maine communities. Our members represent buyers and sellers involved in both residential and commercial real estate transactions. Our membership also includes industry affiliates, such as lenders, closing agents, title agents, appraisers, building inspectors, surveyors, etc. The Maine Association is chartered by the National Association of REALTORS® (NAR), the largest trade association in the country.

The Maine Association of REALTORS® strongly opposes LD 1710 and the proposed amendment. The bill would establish a graduated and increased real estate transfer tax (RETT) based on sales price. The current law has one uniform RETT rate: \$2.20 per \$500 of the value of the property transferred. LD 1710 would create a graduated RETT that would charge property owners based on market conditions. As we know, the housing market is fluid, and creating policy based on market ebb and flow should be rejected for a number of reasons.

First, the numbers are arbitrary and illogical. Housing should, in part, incorporate consideration to first time homebuyers and incentivize their attainment of home ownership. With prices at historic highs and limited inventory, we should be incentivizing homeownership in creative ways, not creating additional barriers to entry. Housing policy should address the needs of both today and tomorrow.

Second, this bill does not address the fundamental problem with the RETT: the funds are almost always swept into the General Fund. The RETT was established in the early 1980s to provide funds to Maine Housing to directly address the affordable housing problem in Maine. Unfortunately, RETT funds have been regularly swept from the HOME Fund and placed in the General Fund. This takes money away from affordable housing efforts. It unfairly shifts the general tax burden (the General Fund) disproportionately onto those purchasing/selling real estate. This is the problem that should be addressed as much as possible. This bill would not address that problem –



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rather, it would magnify it by increasing the tax for most of the Mainers in their real estate transactions, and historically, 75% of real estate transactions in Maine are Maine households moving within our state.

Third, Section 4 would enact a “Requirement to provide affordable housing” for any housing provider with over 10 units. With constrained supply, we welcome all development and housing opportunities that could add housing to our needed inventory. However, additional regulation would disincentivize housing providers who could in turn, remove their units from the rental stock because of onerous requirements.

In closing, I want to say that MAR strongly advocates for affordable housing: it is a priority in our Public Policy Statement, and we operate a small non-profit, the Maine Association of REALTORS® Foundation, which has provided \$3.5 million dollars to affordable housing efforts in our state over the past 30 years, around \$200,000 annually for housing programs or households not served by other funding sources.

For these reasons, we urge you to vote Ought Not to Pass on LD 1710. Thank you for your time and consideration.