



MEREDA Testimony in Support of LD 2106 and Expansion of the Maine Historic Rehabilitation Tax Credit

January 24, 2024

Senator Grohoski, Representative Perry, and Honorable Members of the Taxation Committee;

On behalf of the Maine Real Estate and Development Association (MEREDA), I am submitting the following testimony in support of LD 2106, An Act to Accelerate the Production of Affordable Housing and Strengthen the Historic Property Rehabilitation Tax Credit. MEREDA believes this legislation should be considered in conjunction with LD 1810, An Act to Expand the Maine Historic Rehabilitation Credit and Establish a Weatherization Tax Credit. Both bills would expand and streamline the Maine Historic Rehabilitation Tax Credit (MHRTC), and we believe they are both meritorious enough to advance to the Special Appropriations Table.

In brief, the MHRTC is one of the state's most effective multi-tools. Not only does it enable protection of historic structures, it also advances affordable housing construction and opens up new living and working spaces that have a transformative effect on communities. We know from economic impact reports that the MHRTC has paid for itself in recent years – meaning that the overall investment directly and indirectly attributable to MHRTC projects exceeds the cost to the state. The MHRTC also works with a federal historic rehabilitation tax credit to leverage more dollars for Maine communities.

You will hear extensive testimony on the specific merits of LD 2106 with respect to accelerating creation of housing units for larger projects. Given that, this testimony focuses on the position of LD 2106 as it relates to LD 1810 and a potential packaged expansion of the MHRTC. As you all well know, the total cost of requests on the Special Appropriations Table exceeds \$1 billion, but the Appropriations and Financial Affairs Committee will likely have less than \$30,000 in funds to spend (as was the case last session). MEREDA believes it would be a significant wasted opportunity if the 131st Legislature fails to fully fund this effort.

To that end, we encourage the Taxation Committee to look closely at any proposed fiscal note, and to work with Maine Preservation to understand the universe of potential projects that would come online in the current and next biennium if the MHRTC is expanded. We believe the number of large projects as addressed in LD 2106 will be less than might be predicted by the Office of Fiscal and Policy Review – the number of projects is largely knowable, and it may be possible to achieve a close-to-accurate fiscal note on those costs. Additionally, we expect that the provisions of LD 1810 to be relatively low-cost in the early years and we would again encourage the committee to work with Maine Preservation to understand the reality of those numbers.

Finally, we urge the Taxation Committee to consider supporting an effort to move this initiative into the supplemental budget. We understand there are many demands on the budgetary process, and that this committee does not ultimately make the policy decisions as to what goes into the final proposal. However, we believe this committee's insights will be invaluable to your colleagues and that your support for a robust expansion of the MHRTC in the supplemental budget could have immediate

positive impacts on housing creation. For this reason, we urge you to work with your colleagues on the AFA Committee to add the language of LD's 1810 and 2106 into the supplemental budget, and hope that we can count on your support with the Special Appropriations Table if we are unsuccessful with the budgetary approach.

Thank you again for your careful consideration of this important policy initiative, and for your leadership in helping grow this robust economic development and housing creation tool for Maine communities.

Sincerely

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On behalf of Maine Real Estate & Development Association

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