



Maine Real Estate & Development Association

Supporting Responsible Development

Testimony in Support

LD 146, An Act to Increase the Maximum Amount of Historic Property Rehabilitation Tax Credit That May be Taken in a Year

February 5, 2025, 1:00 p.m.

Taxation Committee

Chairwoman Grohoski, Chairwoman Cloutier, and Honorable Members of the Taxation Committee. My name is Elizabeth Frazier, and I am writing on behalf of the Maine Real Estate and Development Association (MEREDA) in support of LD 146, An Act to Increase the Maximum Amount of Historic Property Rehabilitation Tax Credit That May be Taken in a Year. This bill represents an opportunity to expedite historic rehabilitation and housing creation by enabling a developer to take the full amount of the credit in the first year, rather than phasing the credit over a period of years.

LD 146 would modernize the current historic rehabilitation tax credit program to better reflect the current costs of construction. As costs have increased, so has the total cost of the project. While the overall value of the credit is usually sufficient to close the financing gap for historic properties, the credit function as an injection of cash that is necessary to move a project forward. LD 146 would ensure that the cash infusion comes when it's needed in the project timeline.

The historic rehabilitation tax credit is a *proven* program to create housing, rehabilitate downtowns, and catalyze main street revivals. To date, the historic tax credit program has brought so much direct and indirect capital to the state that it pays for itself in local and state taxes. Additionally, the credit is designed to work in tandem with federal law, unlocking additional dollars to support these projects.

LD 146 represents an easy policy choice for the Taxation Committee – it will not result in additional spending by the State, but will result in additional dollars coming in, and additional housing units being created. I strongly urge the Taxation Committee to advance LD 146 to the legislature and encourage the Appropriations Committee to either incorporate the language of the bill into the biennial budget or exempt the bill from the Special Appropriations Table for final passage.

Thank you for your thoughtful consideration of this important policy initiative, and for all you do for the State of Maine.

Sincerely,

Elizabeth Frazier

On behalf of the Maine Real Estate and Development Association