



Maine Real Estate &
Development Association

Supporting Responsible Development

In Support of LD 678, An Act to Provide for the 2025 and 2026 Allocations of the State Ceiling on Private Activity Bonds

March 6, 2025

Chair Curry, Chair Gere, and members of the Housing and Economic Development Committee;

On behalf of the Maine Real Estate and Development Association, please accept the following testimony in support of LD 678, An Act to Provide for the 2025 and 2026 Allocations of the State Ceiling on Private Activity Bonds. This legislation is critical to allowing Maine Housing to continue to conduct its mission to enable affordable housing creation in Maine. Specifically, MEREDA is interested in ensuring the ceiling allocations are set for the Maine State Housing Authority (MSHA), which primarily engages in the housing mission.

Private Activity Bonds (PABs) are tax-exempt bonds that can help fund the construction, rehabilitation, and acquisition of affordable housing by leveraging private investment. PABs help generate low-income housing tax credits (LIHTC) and can help finance properties that are eligible for LIHTC. PABs are a proven and effective method of financing because they are an attractive option for investors, as the interest income is generally exempt from federal and state income tax. At a time when interest rates are high and project financing is a challenge, it is critical to maintain the PAB as a financing tool.

The legislature is asked to set the ceiling for PAB's (the maximum amount of bond dollars that may be issued) on a biennial basis. LD 678 therefore establishes the allocations of the state ceiling on issuance of tax-exempt PABs for calendar years 2025 and 2026 among the state-level issuers of tax-exempt bonds, including the MSHA. LD 678 would continue the current \$100 million ceiling on private activity bonds. This represents no change from prior years and will enable MSHA to continue to conduct its critical work.

MEREDA urges this committee to support LD 678 as a critical piece of biannual business and to ensure ongoing affordable housing creation in Maine. Thank you for your consideration of this testimony.

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