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## Testimony in Opposition to LD 1047

(“An Act to Impose an Additional Tax on Certain Unearned Income”)

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

**March 26, 2025**

Senator Grohoski, Representative Cloutier and members of the Joint Standing Committee on Taxation, my name is Andy Cashman. I am the Founder of Resolve Government Relations. We represent the Maine Association of REALTORS®, a professional trade association established in 1936 with over 6,500 members statewide. REALTORS® protect private property rights, build Maine communities, and grow our state’s economy. 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 1047 because it would impose an additional 4% tax on capital gains over \$250,000 for individuals, \$375,000 for heads of households and \$500,000 for individuals who are married filing joint returns. The imposition of taxes on capital gains discourages private investment in housing and real estate.

The social and economic fabric of our nation, and our state, is deeply rooted in the fundamental right of all people to own, use, and transfer real property. Real property ownership has been and continues to be one of the highest personal priorities of most Americans, encouraging savings and generational financial stability. This bill would make Maine one of the highest taxing states in the country and would position Maine second to California with the highest equity taxation in the nation.

It is no surprise that Maine has grown in home sales and valuation substantially since COVID. Housing is scarce and a perfect storm of historically low interest rates, in-bound migration and a new frontier in remote work abilities has propelled Maine forward as a place to call home. In a recent economic report from the National Association of REALTORS®, Maine had the largest property sales price growth in the nation since 2020. This anomaly coupled with inflation and lower salaries in Maine has resulted in significant housing affordability challenges for most Maine households. The average family in Maine cannot afford to purchase or if they need to transition to a different home, they cannot afford or find a place to purchase.



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LD 1047 would further penalize property owners for the equity they have accrued over the lifetime of ownership. Increasing the taxation on their equity disincentives or in some cases eliminates the ability for long-term owners to be able to afford to purchase something else. When that happens, it has a trickledown effect. It prevents prospective first-time buyers or mid-life buyers from being able to purchase homes and deters the empty nesters that no longer need that much home from selling. For fear of tax penalty, the empty nesters stay in place and those prospective buyers cannot purchase the homes they need to grow their families. This trickledown effect stagnates the economy and has a direct impact on our labor force in Maine. When there are no properties to purchase and call home, prospective buyers will be forced to look elsewhere in other markets that are more favorable over the long-term and that are more welcoming to property ownership.

Real property ownership fosters interest in the community and encourages savings and investment. LD 1047 would penalize property owners who have made their investments in their communities, built financial stability through their home's equity and in turn contributed to Maine's economy. Capital gains taxation is not taxing the wealthy, it's taxing Maine families who have committed to working, living and retiring in our state.

As proposed LD 1047 would deter the private sector from naturally contributing to and eventually balancing the housing market. Other policy proposals this session aim to provide tax relief to seniors and to create more housing. However, LD 1047 would punish senior property owners and further limit the desire for long term owners to want to sell their properties. A tax system that fosters economic growth and healthy real estate markets, is one that is friendly to equity building and financial independence. Maine residents and businesses are hurting financially, and this is not the time to burden our citizens with higher taxes.

For these reasons, we urge you to vote Ought Not to Pass on LD 1047.

Thank you for your time and consideration.