



SIERRA CLUB

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To: Committee on Taxation
From: Marianne Hill, Ph.D., Economist, Sierra Club Maine
Date: April 2, 2025
Re: **Testimony in Support of LD1082 - An Act to Invest in Maine's Families and Workforce by Amending the Real Estate Transfer Tax**

Senate Chair Nicole Grohoski, Representative Chair Kristen Cloutier, and members of the Joint Committee on Taxation: I am testifying on behalf of Sierra Club Maine, representing over 22,000 supporters and members statewide. Founded in 1892, Sierra Club is one of our nation's oldest and largest environmental organizations. We work diligently to amplify the power of our 3.8 million members nation-wide as we work towards combating climate change and promoting a just and sustainable economy. To that end, we support LD 1082 which increases the real estate transfer tax rate on sales in excess of \$1,000,000, and urge an "ought to pass" report on LD 1082.

Maine can expect a revenue shortfall in FY25-26. Already urgent needs of Maine's families are not being met in housing and many other areas. The state must find more funding sources if it wishes to prevent increased hunger, reduced access to health care and housing and other declines in well-being. The FY26 budget is based on a revenue forecast last updated in December 2024. Since then, DOGE has slashed contracts, grants and jobs across government agencies, including cuts in school lunch programs and plans to cut 50% of jobs in the US Department of Education. Maine has lost millions in grants, including \$15 million in EPA grants to fund energy efficiency and clean energy equipment. Double-digit tariffs have been imposed on major trading partners. In addition, the proposed federal budget for FY25-26 includes more tax cuts benefiting the wealthy, as well as sizable new reductions in funding for Medicaid, housing assistance and more. Many of these actual and anticipated cuts became apparent only after the December state revenue forecast, which was based on a positive growth rate of employment and income for each year from 2025 to 2027.

Among expected cuts for FY2026 are severe cuts to the federal housing voucher program. Thousands in Maine rely on these vouchers to help cover their housing costs. The funds from this relatively modest tax increase would help alleviate the housing crisis which is likely to worsen during the coming years under worsening economic conditions and dramatic cuts in federal funding. Over 90% of the additional funds received due to this proposed tax change will be dedicated to housing programs. The real estate transfer tax provided over \$22 million to the state in FY23, but revenues from this tax are currently expected to drop in FY26 and FY27. LD1082 can be expected to stabilize these revenues. More than 1,000 properties sold for over \$1 million in 2024 and, if sales continue along this path, over \$10 million could be raised under this new rate structure.

Demand for state assistance in addressing the housing crisis will grow in the coming years. The need for additional funds is clear, and LD 1082 offers a partial solution. This rate increase, in addition, is a step towards a tax structure that is fairer and more equitable.

We urge you to support LD 1082 and report "ought to pass". Thank you for your consideration.

Sincerely,

Marianne Hill, Ph.D.

Economist

Member, Legislative Team

Sierra Club Maine

More relevant data:

Maine Gross Domestic Product: \$99 billion (2024)

Inflow of federal funds: \$21 billion (2024)

Federal funds in state budget: \$4.8 billion (FY24)

General funds in state budget: \$5.1 billion (FY24)

Net balance: federal funds per capita minus payments to federal government: + \$7,555 (2022)

SOURCES:

1 - <https://nlihc.org/resource/thousands-lose-housing-assistance-under-proposed-2025-funding-cuts>

<https://www.pressherald.com/2025/03/09/more-maine-homes-are-selling-for-millions>

<https://themainemonitor.org/federal-education-funding-at-risk/> Maine received \$283 million in FY24 for Dept of Education. Staff at the US Department of Education are slated to be reduced by 50%, and program cuts are expected to mean a drop in the number of schools in Maine offering free school lunch to only 31. Those receiving health care under MaineCare will shrink along with the national budget for Medicaid. Also,

<https://www.pressherald.com/2025/03/13/maine-loses-15m-for-energy-efficiency-heat-pump-loans/> Maine has lost \$15 million in EPA grants to support energy efficiency and clean energy equipment.

2 - <https://legislature.maine.gov/doc/11282> Revenue Forecasting Report. The report notes that

3 - <https://www.usaspending.gov/state/maine/2024?section=top-five> Federal funds by state.

4 - <https://legislature.maine.gov/doc/11045> state budget summary pp. 8-9

5 - <https://www.bea.gov/news/2024/gross-domestic-product-state-and-personal-income-state-3rd-quarter-2024> gross domestic product Also <https://apps.bea.gov/itable/>

6 - https://www.cbpp.org/sites/default/files/atoms/files/snap_factsheet_maine.pdf 12% of population eligible for SNAP and info on proposed federal budget for FY26 at: <https://www.cbpp.org/research/state-budget-and-tax/president-trump-congressional-republican-proposals-would-shift-large>

7 - <https://mainepolicy.org/maines-predictable-mainecare-funding-shortfall/> MaineCare shortfall <https://www.mainepublic.org/politics/2025-01-17/janet-mills-plan-to-fill-maines-first-budget-hole-in-over-a-decade> \$450 million shortfall January 17, 2025 calls for additional taxes

8 - <https://datacenter.aecf.org/data/tables/1562-children-in-poverty#detailed/2/any/false/2545,1095,2048,574,1729,37,871,870,573,869/any/11725,3331> 12.6% of Maine children live in poverty 2023

9 - <https://rockinst.org/issue-areas/fiscal-analysis/balance-of-payments-portal/> Net federal funds per capita: \$7,700 with \$11,152 in direct federal payments and \$5,800 paid in federal income taxes, among other payments. Return on the dollar: 1.68.

10 - <https://www.mecep.org/blog/8-things-to-know-about-federal-funding-in-maine/>

About 12,000 persons in Maine work for the federal government (the Navy, the VA, Social Security, Transportation...) plus 3,000 postal workers. These jobs are already being cut.

Individuals receive \$8.9 billion from the federal government, largely social security. About \$5.9 billion goes to the state government and another \$4.9 billion is paid to businesses and organizations, including about \$2.9 billion in defense contracts. Local governments, including tribal governments, receive almost \$1.0 billion.

Marianne Hill
Sierra Club Maine
LD 1082

Given the acute housing shortage in Maine and the growing budget shortfall, this bill
LD1082 ought to pass! Some data is provided.

Marianne Hill, Ph.D., economist