



Maine Real Estate &  
Development Association

Supporting Responsible Development

## In Support of 1082, An Act to Invest in Maine's Families and Workforce by Amending the Real Estate Transfer Tax

April 3, 2025

Chair Grohoski, Chair Cloutier, and members of the Taxation Committee;

On behalf of the Maine Real Estate and Development Association, please accept the following testimony in support of *1082, An Act to Invest in Maine's Families and Workforce by Amending the Real Estate Transfer Tax*. MEREDA wishes to thank Speaker Fecteau for his thoughtfulness in seeking solutions to find long-term funding for critical Maine housing programs. MEREDA believes it is essential that the state continue to support programs like the Housing First Fund, the low-income housing tax credit (LIHTC), the Housing Opportunities for Maine (HOME) Fund, and ongoing bond obligations. We appreciate the Speaker's creative approach to utilizing the real estate transfer tax (RETT) to address this issue.

MEREDA is aware that many of our surrounding states (including New Hampshire) have a substantially higher RETT. While we are always cautious about direct increased costs on home purchases, we generally agree that the intent of this bill, to capture an increase over \$1 million, is appropriate. One matter for this committee's consideration might to include a consumer price index (CPI) adjustment for inflation to increase the million-dollar floor as prices go up over time. While we're unlikely to see another upward market adjustment of the kind we've seen recently, it is not out of the question. We would not want to penalize lower- or middle-income earners seeking a home as average home prices eek closer to \$1 million over time.

Additionally, we would suggest that the committee consider creating Other Special Revenue Funds for the funding streams that would benefit from the increase. While we know housing is a critical policy initiative now, it is easy to imagine a time when state budgetary constraints might entice a future legislature to utilize these new funds for non-housing purposes. Recognizing that, shy of a constitutional amendment, it is impossible to completely protect these funds from use in other ways, we think the creation of an OSR Fund would help place guardrails around spending for other purposes.

MEREDA also urges the committee to pass the legislation with both the tax increase and the adjusted revenue allocations as a package. Notwithstanding any amendments you may make to the bill, it is essential that the tax increase is passed in order to tie dollars directly to the newly allocated funding streams. We also encourage the committee to work with the analyst to

determine whether the anticipated projected revenue increase will be sufficient to cover the costs for the programs identified above.

Thank you for your consideration of this testimony. MEREDA would be happy to provide additional information or answer any question the committee might have.

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On behalf of Maine Real Estate & Development Association

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