



126 Sewall Street
Augusta, ME 04330-6822
TTY/Voice: (207) 626-7058
Fax: (207) 621-8148
www.mejp.org

Ann Danforth
Senior Policy Advocate
(207) 626-7058 x216
adanforth@mejp.org

Testimony on behalf of Maine Equal Justice in support of LD 1082, An Act to Impose an Additional Tax on Certain Unearned Income, and LD 1089, An Act to Permanently Fund 55 Percent of the State's Share of Education by Establishing a Tax on Incomes of More than \$1,000,000.

April 3, 2025

Good afternoon Senator Grohoski, Representative Cloutier, and Members of the Taxation Committee. My name is Ann Danforth and I use she/her pronouns. I'm a Senior Policy Advocate at Maine Equal Justice (MEJ), a nonprofit civil legal aid provider working to increase economic security, opportunity, and equity for people in Maine.

Maine Equal Justice has been active at the State House for over 25 years. Our work focuses on many of the issues that affect people's daily lives – access to adequate health care, housing, transportation and childcare; food and income security; and higher education and training. MEJ works in partnership with people living in poverty to organize and advocate together for equitable laws and policies. We also provide education and training throughout the state on programs and policies that directly impact individuals and families living with limited means.

I'm here today to testify in support of LD 1082.

Maine is in dire need of affordable housing. Even before the pandemic, Maine's rental housing market was among the least affordable in the nation. Nearly 65% of extremely low-income households pay more than 50% of their monthly income towards rent, a threshold which HUD deems severely rent burdened. Maine has a shortage of 20,307 affordable homes for extremely low income Mainers.¹ Finding affordable housing has become so difficult, many Mainers become homeless because they simply cannot find somewhere to live that meets their budget. At the same time property values have increased during the pandemic in every county across the State. Maine's traditional single-family home market saw a substantial jump from a median sale price of \$225,000 in 2019 to \$390,000 last year.²

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<https://nlihc.org/housing-needs-by-state/maine#:~:text=Across%20Maine%2C%20there%20is%20a,Source:%202023%20ACS%20PUMS>

² <https://www.pressherald.com/2025/03/09/more-maine-homes-are-selling-for-millions/>

This crisis has been aggravated by the lack of assistance from the federal government. The number of section 8 vouchers in Maine in 2022 was 14,389.³ The number in 2025 is 12,179.⁴ That is a reduction of 2,210 vouchers (15%) in 3 years due to federal funding not keeping up with increasing market rates. And the wait-list for using a voucher is years-long.

LD 1082 moves us closer to tax fairness by asking the wealthiest Mainers to contribute more to our shared resources, supporting first time home buyers, and funding initiatives that help to address Maine's housing crisis.

Maine's RETT is currently flat and has not been updated since 2001. This bill's design is targeted and will not impact most home sales – only the most expensive properties will be impacted by this tax. It also exempts home buyers who use the Maine State Housing Authority's first-time home-buyer loan program from the RETT.

While the average Mainer is struggling to pay their rent and high costs continue to be a barrier for first-time home buyers, the picture looks very different for those on the other end of the economic spectrum. According to a recent Portland Press Herald article, *Maine's luxury real estate market had a record year in 2024, with more than 1,100 properties sold for more than \$1 million and 21 properties for more than \$5 million. Real estate experts say the luxury market boom is not expected to bust anytime soon.*⁵

As written, revenue raised by LD 1082 would support certain housing investments as well as initiatives funded by the general fund. **While we support these important investments, we also suggest this committee look at other housing-related initiatives this money could support.**

In 2024 there were 4,843 eviction cases filed in Maine Courts.⁶ Approximately 73% of these evictions are for non-payment of rent⁷ or 3,535 cases. In 2024 the Legislature authorized the creation of the Eviction Prevention Program. This program provides is designed to provide support to approximately 1,600 families⁸ or 45% of all families facing eviction for non payment of rent. This program provides critical support to help keep Maine families housed and deserves to continue to be funded. This bill could be an avenue to provide funding to continue this critically important program.

Thank you for your time and I'm happy to answer any questions you may have.

Ann Danforth

³ <https://legislature.maine.gov/doc/9118> , p. 1.

⁴ <https://www.legislature.maine.gov/doc/11377>, p. 3.

⁵ <https://www.pressherald.com/2025/03/09/more-maine-homes-are-selling-for-millions/>

⁶ <https://www.courts.maine.gov/about/stats/statewide.pdf>

⁷ <https://mejpme.sharepoint.com/sites/GeneralAssistanceCovidCoordinationTeam/Shared%20Documents/Forms/AllItems.aspx?id=%2Fsites%2FGeneralAssistanceCovidCoordinationTeam%2FShared%20Documents%2FGeneral%2FEvictions%2Din%2DMaine%2DFebruary%2D2021%2Epdf&parent=%2Fsites%2FGeneralAssistanceCovidCoordinationTeam%2FShared%20Documents%2FGeneral>, p.4

⁸ <https://www.mainehousing.org/data-research/program-data/epp-metrics>