



Maine Real Estate &  
Development Association

Supporting Responsible Development

## In Support of LD 1419, An Act to Provide a Sales Tax Exemption for Housing Constructed Off-site Similar to That for On-Site Construction

April 16, 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 *LD 1419, An Act to Provide a Sales Tax Exemption for Housing Constructed Off-site Similar to That for On-Site Construction*.

This proposal represents the kind of common-sense solution that MEREDA supports to advance affordable and attainable housing options in Maine. LD 1419 proposes to raise the exemption for off-site building construction sales tax from the current 50% to 75%, to mirror the existing exemption for on-site construction sales tax. This parity will help incentivize the creation of off-site construction, which has been shown to reduce costs and speed up housing completion.

Recently, the Maine State Housing Authority, the Department of Economic and Community Development, and the Governor's Office of Policy Innovation and the Future worked with consultants HR&A to produce a [Roadmap to the Future of Housing Production in Maine](#). Among the many recommendations in the report was Recommendation 3.7, which addresses support for innovative construction technologies, including off-site construction. LD 1419 falls squarely within that recommendation and would make a difference toward improving the landscape for off-site construction.

MEREDA expects the cost of this change to be relatively low for the state, but significant in moving the needle to promote off-site construction. We hope the Taxation Committee will consider enacting this common-sense approach to helping lower barriers to affordable and attainable housing in our state.

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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