



Maine Real Estate &
Development Association

Supporting Responsible Development

In Support of LD 1246: Resolve, Directing the Department of Economic and Community Development to Convene a Working Group to Review the Process of Setting Impact Fees

April 22, 2025

Chair Curry, Chair Gere, and members of the Housing and Economic Development Committee;

On behalf of the Maine Real Estate and Development Association, please accept the following testimony in support In Support of LD 1246: Resolve, Directing the Department of Economic and Community Development to Convene a Working Group to Review the Process of Setting Impact Fees. MEREDA's members consist of a wide range of people and organizations involved in real estate development in Maine, from architects and contractors to bankers and attorneys to developers and municipalities. Our members work together to support responsible development in Maine.

Impact fees exist because they assist municipalities plan and budget for future development of capital infrastructure to accommodate private development. Impact fees are also meant to level the playing field for private development, ensuring that projects bear the proportional cost of those infrastructure improvements alongside their neighbors. At its heart, the motive for impact fees is to ensure predictability.

Unfortunately, the vast array of ways in which impact fees are implemented and charged across municipalities in Maine is far from predictable. Some are charged per square foot of commercial space, some by number of residents, some by changes in the number of trip generation – the formulas are as varied as the communities. And while impact fees are meant to spread the cost over many developments, the high price tag of some impact fees can come as a surprise for smaller developments.

For the reasons above, MEREDA encourages you to support a working group to review impact fees and how they are implemented. We also encourage you to request recommendations on the standards by which impact fees may be set within a municipality (i.e. trips per day for traffic improvements, change in number of residents for water/sewer upgrades or school facilities, etc.) and maximum length of schedule in which impact fees must be used or returned to the developers.

We encourage you to support this bill.

Thank you for your consideration of this testimony.

Elizabeth Frazier

On behalf of Maine Real Estate & Development Association

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Additional relevant Resources

https://mainehousing.org/docs/default-source/default-document-library/state-of-maine-housing-production-needs-study_full_final-v2.pdf

<https://www.bangormaine.gov/524/Housing-Information>