



Maine Real Estate &
Development Association

Supporting Responsible Development

In Support of LD 2156, An Act to Provide for the 2026 and 2027 Allocations of the State Ceiling on Private Activity Bonds

January 22, 2026

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 of LD 678, An Act to Provide for the 2025 and 2026 Allocations of the State Ceiling on Private Activity Bonds. This legislation is critical to allowing Maine Housing to continue to conduct its mission to enable affordable housing creation in Maine. Specifically, MEREDA is interested in ensuring the ceiling allocations are set for the Maine State Housing Authority (MSHA), which primarily engages in the housing mission.

Private Activity Bonds (PABs) are tax-exempt bonds that can help fund the construction, rehabilitation, and acquisition of affordable housing by leveraging private investment. PABs help generate low-income housing tax credits (LIHTC) and can help finance properties that are eligible for LIHTC. PABs are a proven and effective method of financing because they are an attractive option for investors, as the interest income is generally exempt from federal and state income tax. At a time when interest rates are high and project financing is a challenge, it is critical to maintain the PAB as a financing tool.

The legislature is asked to set the ceiling for PAB's (the maximum amount of bond dollars that may be issued) on a biennial basis. LD 2156 therefore establishes the allocations of the state ceiling on issuance of tax-exempt PABs for calendar years 2026 and 2027 among the state-level issuers of tax-exempt bonds, including the MSHA. LD 2156 would adjust the \$100 million allocation to Maine State Housing down to \$47,625,000 to account for unallocated funds in 2026. In 2027, the bond amount increases to \$250 million to be used or reallocated in accordance with Title 10, section 363, subsection 4. This represents largely housekeeping changes and an appropriate increase in 2027 to enable MSHA to continue to conduct its critical work.

MEREDA urges this committee to support LD 2156 as a critical piece of biannual business and to ensure ongoing affordable housing creation in Maine. Thank you for your consideration of this testimony.

Elizabeth Frazier

On behalf of Maine Real Estate & Development Association
efrazier@pierceatwood.com