



# HOUSE OF REPRESENTATIVES

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**May 9, 2023**

### *Testimony of Rep. Maureen Terry presenting*

### **LD 1810, An Act to Expand the Maine Historic Rehabilitation Credit and Establish a Weatherization Tax Credit**

### *Before the Joint Standing Committee on Taxation*

Good afternoon Senator Grohoski, Representative Perry and esteemed members of the Taxation Committee. I am Maureen Terry, representing part of Gorham in House District 108. I am happy to be here to present **LD 1810, An Act to Expand the Maine Historic Rehabilitation Credit and Establish a Weatherization Tax Credit.**

Maine's Historic Preservation Tax Credit (HPRC) program has served Maine communities well for many years. According to Greater Portland Landmarks, from 2009 to 2019, 106 projects were certified and placed in service in Maine using the HRTC for income-producing properties.<sup>1</sup> A 2021 analysis of the credit, conducted by the Office of Program Evaluation and Government Accountability (OPEGA), found that the positive outcomes went far beyond meeting the goals of historic preservation to include promoting job creation, affordable housing and economic growth. But OPEGA also found that the credit has more potential than is currently being realized. They suggested that the Legislature consider expanding eligibility for the credit and clarifying the small project credit's purpose in order to make evaluation of the program's effectiveness more meaningful.<sup>2</sup> LD 1810 seeks to do just that.

Building off of existing benefits like those offered by Efficiency Maine for energy efficiency upgrade rebates and boosters for accessory dwelling units provided by LD 2003, LD 1810 represents an innovative new model for addressing some of the most pressing issues facing our state. This bill could help move many of our unhoused neighbors into spaces that are currently

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<sup>1</sup> <https://www.portlandlandmarks.org/maine-historic-rehabilitation-tax-credit>

<sup>2</sup> 7498 (maine.gov)

unoccupied and just in need of a little investment and repair, it could help support culturally and historically sensitive rehabilitation in main streets across the state and it could incentivize more Mainers to make climate-friendly upgrades to their homes.

LD 1810 would increase the base credit for the small credit from 25% to 30% and raise the qualified rehabilitation expenditure cap from \$250,000 to \$1,000,000. It would create a 25% tax credit for historic owner-occupied residences and ancillary structures with a minimum homeowner expense of \$5,000. It also creates a 30% tax credit of expenditures up to \$75,000 for the creation of new housing. I know that in downtowns in many communities across the state, there are small building owners on the ground floor with space available on the second floor, but there are no resources and no capacity to bring those spaces into more productive use. My hope is that this bill will make it easier for that smaller project to happen.

Weatherization updates, such as energy efficiency and resiliency upgrades, are also included in the qualified expenditures in an effort to continue advancing our state's carbon neutrality goals by empowering Mainers to make smart, clean energy choices. If you're going to go ahead and fix your roof or reinstall clapboards on your façade, you may as well throw some insulation in there. That will be covered by this tax credit. If you have part of your building that could be turned into another unit or if you have an ancillary structure on your property like a barn or garage, you might find turning it into an accessory dwelling unit that much more attractive.

On top of these provisions, an expanded credit could become available to property owners at or below 120% of the area median income and for properties that include an affordable dwelling unit provided to a renter at or below 100% of the area median income.

We have thousands of historic properties across the state for which there's no access to any resources. The substantial commercial credit is well used and successful. The small credit has not been used robustly which is why we're trying to improve it so that we can see more of that activity happening on a smaller scale, in an environmentally friendly and socially responsible manner.

Thank you for the opportunity to present this bill. Stakeholders will be available for questions as well as to discuss any potential amendments.