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THE MAINE SENATE
132nd Legislature

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Testimony in Support of LD 146

***“An Act to Increase the Maximum Amount of the Historic Property Rehabilitation Tax Credit
That May be Taken in a Year”***

Presented to the Joint Standing Committee on Taxation

February 5, 2025

Good afternoon Senator Grohoski, Representative Cloutier, and the member of the Joint Standing Committee on Taxation. My name is Peggy Rotundo. I have the distinct honor of representing the people of the City of Lewiston in Senate District 21. I am here today to introduce LD 146, “An Act to Increase the Maximum Amount of the Historic Property Rehabilitation Tax Credit That May be Taken in a Year.”

For years, Maine has been grappling with a growing housing shortage. In this session, just as in the 131st, housing - specifically affordable housing - will be a major priority for both parties here in Augusta. However, with a tight biennial budget this session, both parties are aware of the need for moderation in spending on affordable housing projects. This bill offers a straightforward solution to these goals without increasing state spending.

In 2008, the Legislature overhauled the Historic Property Rehabilitation Tax Credit, instituting a cap of \$5 million on the credit a historic property developer can take in one year. In 2013, I cosponsored a bill that made it clear that if a developer is doing a project with many buildings in a large historic complex, the \$5 million annual cap would pertain to each building rather than the entire complex. As construction costs have increased dramatically since 2013, and even more since 2008, the \$5 million credit no longer carries the same substantial incentive it used to. To address these cost increases, this bill would double the tax credit to \$10 million over two years. Because someone who is rehabilitating an historic building would only be allowed to take the \$10 million over a two-year period, the fiscal impact of this bill would be minimal.

At a time where more housing is being built in historic buildings such as decommissioned mills, churches and grange halls, this bill would produce a real, tangible impact on the production of housing in Maine. I'm happy to have the support of the Maine Affordable Housing Coalition, and I believe that other organizations will join them when they realize the positive impact this bill will have on efforts to increase housing here in our state.

Thank you for taking the time this afternoon to discuss this matter that is so important to the future growth of our state. I'm happy to answer any questions from the committee.