



STATE OF MAINE  
GOVERNOR'S OFFICE OF POLICY INNOVATION AND THE FUTURE  
181 STATE HOUSE STATION  
AUGUSTA, MAINE  
04333-0181

## Testimony In Support of

### **L.D. 1082, An Act to Invest in Maine's Families and Workforce by Amending the Real Estate Transfer Tax**

April 3, 2025

Senator Grohoski, Representative Cloutier, and distinguished members of the Joint Standing Committee on Taxation, my name is Greg Payne and I serve as the Senior Advisor on Housing Policy in the Governor's Office of Policy Innovation and the Future. I am here today to offer testimony in support of **L.D. 1082, An Act to Invest in Maine's Families and Workforce by Amending the Real Estate Transfer Tax.**

The rate applied under Maine's real estate transfer tax statute was last adjusted in 1993, when the median price for a single family home was under \$100,000. Much has changed between then and now, including a growing crisis of affordability in Maine's housing market. The median sales price has since risen to more than \$380,000 statewide, and over \$500,000 in some parts of the state.

As reported by the Portland Press Herald last month:

"Maine's luxury real estate market had a record year in 2024, with more than 1,100 properties sold for more than \$1 million and 21 properties for more than \$5 million. Real estate experts say the luxury market boom is not expected to bust anytime soon. Those records could be causing nonluxury prices to go up, too. "The luxury buyer is driving all segments of Maine's residential real estate," said Elise Kiely, a real estate agent at Legacy Properties Sotheby's International Realty."

The Administration tends to agree with Ms. Kiely's observation, and we are concerned that high-end home purchases are distorting Maine's housing markets in unprecedented ways, making it that much more difficult for first-time home buyers and others of modest means to gain access to the ladder of economic opportunity and wealth-building that homeownership can represent. We also recognize that as so many Maine families struggle to access homeownership and continue to rent, extraordinary price pressures have been created in the rental market as well.

L.D. 1082 seeks to reform the long-static rate of taxation of real estate transfers by exempting households that utilize MaineHousing's first-time homebuyer programs, increasing the rate of taxation on the portion of transfers that exceed \$1 million, and – while protecting the current uses of real estate transfer tax revenues - dedicating the incremental revenue to proven housing development programs that would add to the supply of affordable homes for Mainers to own and



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rent. We see real merit in such reforms, and support the principles underlying Speaker Fecteau's proposal.

The Administration looks forward to working on the details of this bill with the Speaker, members of the Committee, and other stakeholders concerned with ensuring a healthy and balanced housing market that is accessible to Maine people of all incomes. Especially given that it has been more than 30 years since this element of the real estate transfer tax was last updated, it is important that we get this reform right, and that we be forward-looking in an environment of rapidly escalating home prices.

Thank you to Speaker Fecteau for his ongoing partnership with the Administration in addressing Maine's housing affordability challenges, and thank you for your consideration of our testimony. I would be happy to answer any questions.