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**Testimony in Opposition to: LD 1082: An Act to Invest in Maine's Families and Workforce
by Amending the Real Estate Transfer Tax**

Aaron Bolster on behalf of the Maine Association of REALTORS®

April 3, 2025

Senator Grohoski, Representative Cloutier and members of the Joint Standing Committee on Taxation my name is Aaron Bolster, and I am a REALTOR® affiliated with Allied Realty in Skowhegan and Rangeley. I have been a REALTOR® for 25 years and am a past president of the Maine Association of REALTORS®. I am here today on behalf of the Association that represents over 6,500 members statewide. REALTORS® protect private property rights, build Maine communities, and grow our state's economy.

The Maine Association of REALTORS® strongly opposes LD 1082 as we have historically opposed increases to the real estate transfer tax. Increases to the real estate transfer tax (RETT) unfairly shifts the cost of addressing Maine's housing needs disproportionately onto those purchasing and selling real estate and it creates distortions in the market that have a ripple effect on all properties. While the goal is to solve Maine's housing availability and affordability challenges, LD 1082 would only compound it.

MAR understands that creative approaches to addressing Maine's housing must be considered. On the surface, LD 1082 largely appears to be a "millionaire's tax" or "mansion tax". Upon closer look, however, its impact would be felt much more broadly than intended. As written, LD 1082 does not distinguish between residential or commercial properties. In reality, the tax burden of increased RETT would largely be shared by Maine small businesses and housing providers because many sales over \$1 million are commercial and multifamily properties. In turn, the increased costs would not only impact buyers and sellers but would also be passed down to tenants. As rental properties become more expensive to purchase, those costs would be passed down to tenants in the form of higher rates. Historically, 75% of real estate transactions in Maine are Maine residents and businesses moving within our state. Increases to the RETT at any level will negatively impact Mainers at all income levels, in all markets across the state in pursuit of housing.

The Maine Association of REALTORS® encourages incentives for first time buyers and support measures to address housing needs. However, we are concerned about how the first-time homebuyer



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exemption proposed in this bill would be implemented. As a practitioner in the field, I have concerns about managing buyer and seller expectations around who pays the transfer tax and who qualifies for the exemption if only certain first-time buyers would meet the criteria. Also, there is no metric currently to determine if the buyer of a property is a first time or repeat buyer. As written, LD 1082 draws concerns for REALTORS® as the trusted advisor to both buyers and sellers on how we provide insight into the transaction regarding the buyer profile and their financing type. Does this create a situation of liability because now the seller is incentivized to select a buyer with Maine Housing financing over other types of financing because it will save them on transfer tax fees? Is this approach equitable or fair? Other measures this session propose to make sources of income a protected class and this adds a layer of liability and possible discrimination claims if not approached carefully. These concerns will add to consumer confusion and delay the transfer of real estate in Maine which will negatively impact housing availability.

LD 1082 would target buyers and sellers of higher market value properties, most commonly commercial properties, including multifamily rental housing properties. It will do more harm than good to Maine's overall housing needs. If the value of commercial property declines because of increased taxation at the time of transfer, eventually that revenue will need to be collected in other ways. Property owners could be forced to pay higher property taxes to cover the widening valuation gap or loss in state revenue.

For these reasons we urge the committee to vote Ought Not to Pass on LD 1082. Thank you for your time and consideration.