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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")**

**J. Andrew Cashman 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 Andy Cashman. I am the Founder of Resolve Government Relations. We represent the Maine Association of REALTORS®, a professional trade association established in 1936 with over 6,500 members statewide. REALTORS® protect private property rights, build Maine communities, and grow our state's economy. Our members represent buyers and sellers involved in both residential and commercial real estate transactions. Our membership also includes industry affiliates, such as lenders, closing agents, title agents, appraisers, building inspectors, surveyors, etc. The Maine Association is chartered by the National Association of REALTORS® (NAR), the largest trade association in the country.

The Maine Association of REALTORS® strongly opposes LD 1082 because it would add to the cost of housing and negatively impact housing availability throughout Maine. LD 1082 would establish a graduated and increased real estate transfer tax (RETT) based on the portion of sales prices over \$1 million, "a millionaire tax" if you will. The current law has one uniform RETT rate: \$2.20 per \$500 of the value of the property transferred, half paid by the seller and half by the buyer. The proposed bill would more than double the RETT rate to \$5 per \$500 for the portion of the sales prices over \$1 million.

Property owners are taxed at every stage of ownership: the real estate transfer tax at the time of purchase, property tax on an annual basis, and then the real estate transfer tax again at the time of sale along with potential taxes on any earned equity. Increasing taxes related to the transfer of real property based on higher property values will do more harm than good to Maine's housing needs. Sellers would likely raise their listing prices to offset the increased real estate transfer tax rate/obligation, further accelerating the cost of housing. For residential transactions, longtime homeowners looking to downsize may hesitate to sell or move due to the high cost associated with selling, taking away from their earned equity they have accrued over the lifetime of ownership. This impact also extends to retirees who are dependent on selling property to fund their retirement.

For commercial or multifamily properties, the impacts would be most heavily felt. These properties could see a decrease in sale activity and rise in rental rates as a pass-through expense. In turn, RETT increases could discourage movement in the market, resulting in more housing inventory and affordability challenges. With less movement in the marketplace, the housing supply shrinks, driving up prices for all housing types and creating additional challenges to supply. An unintended consequence is sales prices will continue to grow and the intent to tax some will soon become a tax on all.

LD 1082 aims to exempt some first-time home buyers who select financing through Maine State Housing Authority's mortgage loan program from having to pay the transfer tax. MAR supports incentives for first time buyers and measures to address housing. While we appreciate the creative intent to addressing housing needs for prospective buyers, we are concerned about the approach proposed in the bill. As written, LD 1082 could potentially increase liability for sellers and REALTORS® for claims of



discrimination or unethical practices in the marketplace by favoring buyer offers with MSHA financing over other financing types. Navigating this carve out for some first-time buyers, but not all, based on financing type would pose significant challenges as currently there is no metric to determine if the buyer is first time or repeat.

Historically, MAR has opposed the real estate transfer tax and any increase to it, however, given its existence, we believe that transfer tax revenues should be used exclusively for housing needs. We are aware that RETT funds have been previously swept to the General Fund and used for non-housing initiatives. Though this practice has not been used by the current administration, it was included in the initial proposal this year (LD 210) for the biannual budget to shift \$10M from the HOME Fund to the General Fund. That proposal was not included in the budget passed last month but is still be proposed in a "part 2" budget currently being discussed.

The real estate market is fluid and so is the tax revenue collected from RETT, making it an unstable source of revenue for the state's housing needs. Markets will change, and prices will shift. We advocate for housing policies that meet the needs of both today and tomorrow. Households adjust their housing as their needs change, and an increase to the RETT at a certain sales price can create a disruption to housing availability at all levels. We advocate for incentives that encourage property ownership at all income levels, and for all property types. This proposal would unfairly impact multifamily and commercial properties, resulting in market distortions and likely affordability challenges for buyers, sellers and even renters. LD 1082 does not strike the right balance for Maine.

For these reasons, we urge you to vote Ought Not to Pass on LD 1082.

Thank you for your time and consideration.