



19 Community Drive • Augusta, Maine 04330 • (207) 622-7501 • Fax: (207) 623-3590

Testimony in Opposition to:

LD 432 ("RESOLUTION, Proposing an Amendment to the Constitution of Maine to Allow Municipalities to Apportion Real and Personal Property Taxes on the Basis of Property Classification")

LD 1464 ("An Act to Provide for an Alternative Municipal Property Tax Assessment Rate")

LD 1591 ("An Act to Grant a Municipality Authority to Tax Property According to Use")

LD 1610 ("RESOLUTION, Proposing an Amendment to the Constitution of Maine to Apportion Differentiated Tax Rates on Real Property According to Use")

**J. Andrew Cashman on behalf of the Maine Association of REALTORS®
May 1, 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® opposes LD 432, LD 1464, LD 1591, and LD 1610 because they propose changing the property tax structure in Maine whereby private properties could be assessed differently depending on how they are used. Municipalities would be able to assign properties a special designation or classification based on use and in turn assess that property differently. This directly conflicts with the current Maine Constitution Article IX, Section 8 which states "All taxes upon real and personal estate, assessed by authority of this State, shall be apportioned and assessed equally according to the just value thereof."

We are concerned that this strategy of classifying property based on use will lay the groundwork to increase taxation on some properties including second homes, which are often owned and used by Maine citizens and families. This approach unfairly shifts the tax burden onto a narrow class of property owners, all of whom have already paid their share of the tax burden. For those property owners with a second or seasonal home, they have paid a real estate transfer tax at the time of purchase and they pay their property taxes annually, yet do not use the municipal services year-round, including public education.

Creating tax policy where certain classifications of property are assessed at a higher rate, for example non-primary residences, would directly impact property ownership, the cost of housing and create disparity among communities. These factors of economic distortion would



REALTOR® - is a registered mark which identifies a professional in real estate who subscribes to a strict Code of Ethics as a member of the NATIONAL ASSOCIATION OF REALTORS®



result in some municipalities encouraging development and others alienating development based on disincentives via the taxation system. If a market becomes unfavorable for prospective buyers, (both residential and commercial) they will look elsewhere, which will impact the revenue stability and overall fiscal health of Maine.

Real property ownership has been and continues to be one of the highest personal priorities for most Americans. These proposed bills do not consider various uses (including renting property for the short or long-term) as a means for owners to pay their property taxes to keep and use their property - many of which are seasonal, generational camps.

If passed, these bills would:

- Challenge Maine's rich history of family-owned camps, targeting their use by means of new taxation. 75% of second homes in Maine are owned by Mainers.
- Create disparity between tax property classifications within a community and challenges the fundamental belief of private property rights and the ability of every individual to acquire, occupy, use and dispose of real property as chosen within the law.
- Make the transfer of property more complex, should there be a change in "use", likely delaying transactions which adds to housing affordability and inventory challenges.
- Present challenges to property valuations and disincentivizes development for certain types of property, in particular, mixed-use properties.
- Creates burdens to implement, manage and maintain for municipalities that are already stretched beyond capacity.

MAR believes that government regulatory procedures, laws, judicial actions, and citizens referenda affecting real property should be limited. The approach of a constitutional amendment as presented in LD 432 and 1610 is a sweeping change to our state's fundamental framework that can be challenging to amend in the future through legislation, jeopardizing property use and overall value.

As Maine's only advocate for the protection of private property rights, MAR is committed to the preservation of the constitutional right of every individual to acquire, occupy, and use real property as chosen within the law. We do not feel that this fundamental right should be challenged through an amendment to our state's constitution or through policies that allow local option use taxation. If passed, these proposals would negatively impact local and state economies. It would be complex to administer and is inequitable in nature as it levies additional burden based on property use or residency. MAR supports public policies which preserve and protect the economic interests of the real estate industry and private property rights. We must work diligently to encourage sound policy that considers the bundle of rights as it works in tandem with economic growth opportunities.

Page 3

As stewards of property rights and community support, MAR wants to ensure our Maine communities thrive and the way to do that is through tax policy that incentivizes development, ownership and growth. We strongly urge the vote Ought Not to Pass on LD 432, LD 1464, LD 1591, and LD 1610. These bills are bad for Maine citizens and families. Thank you for your time and consideration.