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Rep. Amubreen Rana introducing

LD 2116, An Act to Make Permanent the Affordable Housing Income Tax Credit

Before the Joint Standing Committee on Taxation

Senator Grohoski, Representative Sayre and members of the Joint Standing Committee on Taxation, my name is Ambureen Rana, and I represent House District 21 in Bangor. I am here to present **LD 2116, An Act to Make Permanent the Affordable Housing Income Tax Credit**.

LD 2116 makes a targeted change to existing law by removing the December 31, 2028 sunset on Maine's Affordable Housing Income Tax Credit, while leaving all existing annual allocation caps, rules and program safeguards the same.

Housing development timelines routinely span two to three years, and often longer due to workforce shortages, supply chain disruptions and financing complexity. As documented by MaineHousing in their most recent annual report, several projects currently under construction or in the pipeline are not expected to be completed until late 2026, with some potentially extending beyond that timeframe into 2027.

The current sunset provision creates uncertainty that can discourage private investment, increase costs, delay projects and put rural preservation projects at risk. By making the credit permanent, LD 2116 restores predictability to a program that is already carefully capped and administered.

In a recent report on the Maine Low Income Housing Tax Credit Annual Report from Maine Housing shows that the program is:

- **Fully utilized but not exceeded**, with a statutory cap of $10 million annually,
- **Highly leveraged**, pairing state credits with federal tax credits to finance nearly 60% of total project costs,
- **Delivering units statewide**, including family housing, senior housing and adaptive reuse projects in both urban and rural communities.

In 2024, credits were allocated to five completed projects, supporting nearly 200 affordable units. More than $13.7 million in credits were allocated, leveraging tens of millions in additional private and federal investment.

The state tax credit reserves 10% of annual credits specifically for USDA Rural Development preservation projects that are often too small to access federal credits. These projects are especially vulnerable to housing development challenges, and making the credit permanent ensures consistent funding for these rural projects to remain viable long-term.

It is important to emphasize that this bill:

- Does not increase the annual cap on credits,
- Does not create a new tax expenditure, and
- Does not reduce legislative oversight or reporting requirements.

It simply removes an arbitrary sunset that no longer reflects the realities of housing development timelines.

LD 2116 builds on a program that is already working as intended. Making this tax credit permanent will allow Maine to continue addressing its housing shortage, particularly for working families, seniors and rural communities, without expanding the state's financial exposure.

Thank you for the opportunity to testify, and I hope that you will vote Ought to Pass on LD 2116.