

Cumberland County Government

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James H. Gailey, County Manager

Testimony in Opposition to LD 2124

"An Act to Support Emergency Shelter Funding Using Revenue from the Real Estate Transfer Tax"

To: Senator Curry, House Representative Gere, and Distinguished Members of the Committee on Housing and Economic Development

From: James Gailey, County Manager, Cumberland County

Date: February 9, 2026

Senate Chair Curry, House Chair Gere, and members of the Committee:

My name is James Gailey, and I am the County Manager of Cumberland County. I am writing to provide testimony in opposition to LD 2124.

While the goal of funding emergency shelters is important, this bill utilizes a funding mechanism that undermines the fiscal stability of Maine's counties and increases the burden on local property taxpayers. Many counties across the state are already struggling to keep budgets in check; LD 2124 would further reduce the limited revenue counties generate to offset local tax rates.

Currently, counties retain 9.2% of the Real Estate Transfer Tax to fund Registry of Deeds operations and provide essential property tax relief. LD 2124 proposes to reduce this share to 8.2% starting September 1, 2026. This represents a significant cut to the revenue relied upon to maintain public records and offset operational budgets.

During the last legislative session, LD 210 reallocated 0.8% of this tax to the Maine Housing First Fund. Although counties did not support this carve-out, we were forced to accept it knowing there is a sunset provision for August 2027. The change in LD 201 represents approximately a \$155,000 revenue reduction to Cumberland County. LD 2124 deepens these cuts and removes all sunset provisions, creating a permanent subsidy program at the expense of county revenue, further reducing County revenues by approximately \$193,500.

The revenue lost by counties must be recovered elsewhere. Reallocating approximately \$348,500 annually from Cumberland County to the Maine State Housing Authority effectively shifts a state funding obligation onto local property owners. This cost shift is unsustainable at a time when residents are already facing rising property valuations. Furthermore, the loss of these transfer fees negates any fiscal benefits gained from the recently updated Registry Fee Schedule approved under LD 358.

The State already receives 90% of all Real Estate Transfer Tax revenue, a significant portion of which goes to the General Fund. I urge the Legislature to utilize the State's existing 90% share to fund new programs rather than further reducing the 9.2% dedicated to county taxpayer support.

In conclusion, we urge the Housing and Economic Development Committee to find a more equitable way to fund emergency shelters that does not jeopardize vital Registry services or increase the local property tax burden.

Please vote "Ought Not to Pass" on LD 2124.

James Gailey
County of Cumberland
LD 2124

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