



January 22, 2024

To: Senator Grohoski, Representative Perry, Members of the Joint Standing Committee on Taxation

Testimony in Opposition to LD 1893, " An Act to Allow a Municipality to Impose a Fee on Short Term Rentals for the Benefit of That Municipality"

Good morning,

As a Portland resident, I have been a licensed Realtor for over 20 years, and the Rental Operations Manager for Higgins Beach Maine.com, a vacation rental company serving the Higgins Beach and surrounding areas for 14 years. I also serve as a board member with the Vacation Rental Professionals of Maine, a position I have held for four years.

Growing up in New Hampshire and visiting the beaches of Maine in the summer, I was welcomed to the state by the iconic "Welcome to Maine: Vacationland" sign on I95 as you cross the bridge. As I grew older, I came to understand the levity of that statement, and working with vacationers to Higgins Beach, my understanding of how important this and other areas of the state truly are to those traveling here year after year for family vacations, and those new to the state. While I have only been involved in the industry for a short time, Maine has been this way for over 100 years!

Years ago, I saw the impact the imposition of the 9% lodging tax on short-term rentals had on those guests coming to Higgins Beach. With increased tax assessments and flood insurance, weekly accommodation rates had also increased. That year saw many guests who had a multi-year history of visiting Higgins and other areas in Maine not returning because of the costs of renting. Many of the properties we manage have been passed down from generation to generation and the rental income received through short-term rentals allows property owners to offset some of the costs associated with owning and in many cases only covers a small portion of the costs. Without short-term rentals, many could not afford to keep these multi-generational homes. Our area is scheduled for new property revaluation in 2024 which will result in increased rental rates for our guests. We fear that increasing the tax burden on the customers in addition to rental increases, will force returning guests to seek alternate areas for their vacations.

According to the Maine Office of Tourism, the industry in Maine accounts for over \$1 billion in lodging and sales tax brought into the state. Our current rate of 9% is competitive with other New England states that may offer the same appeal to visitors as Maine (beaches, lakes,

mountains, shopping). Guests who pay this lodging tax contribute to our economy in other valuable ways through meals, recreation and shopping. Our guests to the state are responsible for over 150,000 jobs annually. While vacation rentals are in demand and will continue to be, increased lodging fees to guests will encourage them to look to other, more affordable areas, outside of our great state.

Short-term rentals have come under attack in the past couple of years with the affordable housing crisis and many towns are already looking to limit or ban this type of accommodation. Research has shown that the lack of affordable housing is a national emergency and not a result of short-term rentals. The language in this bill does not set limits on what municipalities can charge or parameters of how the money is to be used.

I urge that you all consider these points and vote OUGHT NOT TO PASS.

Thank you for your consideration.

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