



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

**Testimony in Opposition to LD 1298
("An Act to Allow a Local Option Sales Tax on Short-term Lodging to Fund Affordable Housing")**

J. Andrew Cashman on behalf of the Maine Association of REALTORS®

February 13, 2024

Senator Grohoski, Representative Perry and members of the Joint Standing Committee on Taxation, my name is Andy Cashman. I am the Founder of Resolve Government Relations, and we represent the Maine Association of REALTORS®, a professional trade association established in 1936 with over 6,500 members statewide. REALTORS® grow Maine's economy, build Maine communities, and advocate for the protection of private property rights. 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 1298 because it would allow municipalities to impose additional taxes on property owners renting their properties for short-term use. On average 75% of Maine's second homes are owned by Maine primary residents. Local option taxes targeting owners based on their use of private property goes against the right of one's ability to acquire, occupy, use and dispose of real property as they choose within the law.

- This bill would disproportionality increase the tax burden to Maine property owners. Owners should not be financially penalized for renting their properties to be able to afford to keep them. Short term rental (STRs) operation allows property owners the ability to generate income which can provide financial stability or a pathway for retirement. Renting property as a business is a means for many Maine property owners to be able to afford to keep their properties.
- Property owners operating STRs are contributing to the local municipal tax base through their property taxes but are not using those services, primarily public education. Increasing expense and limiting operation of these would not only drive property owners to other markets, but also result in loss to needed local tax revenue.
- Short term rentals provide housing. Individuals renting these properties are contributing to the local economy. STRs are not solely for tourists or local travel. STRs are a proven solution for short-term employment contracts or per diem work (such as health care professionals and construction workers), or even some hoping to move to Maine. STRs provide a pathway to housing – often for people transitioning during a move, a life change or work contract.



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- Rental housing needs are best met through private investment. Targeting short-term housing providers is not a sustainable solution for Maine’s economic stability, nor an equitable balance of tax burden.
- If passed, LD 1298 would negatively impact tourism and small business development. Additional regulatory taxes would hurt communities that rely on that income generation for economic stability and growth.
- Higher costs to short term rental operators will result in additional cost to tourism. Making the cost of doing business more expensive could result in losses to the local economy because travelers will choose other places to vacation if it becomes cost prohibitive to travel to Maine. Maine is “Vacationland” and by over-regulation you are limiting one of Maine’s top industries. According to the [Maine Office of Tourism 2022 Economic Impact Study](#) 2022 visitor spending generated \$15,851,046,200 in economic impact for Maine. The study also showed that visitors to Maine spent \$8,644,145,000 in direct contribution to our state through use of accommodations, transportation, groceries, restaurants, shopping, entertainment, and other expenses.

In closing, MAR strongly advocates for housing at all levels. This bill goes against private property rights and would hurt local communities that rely on itinerant workers and tourism dollars. We strongly urge the vote Ought Not to Pass on LD 1298. Thank you for your time and consideration.