

Testimony of Linda Caprara
On Behalf of the Maine State Chamber of Commerce
In Opposition to L.D. 1298, “An Act to Allow a Local option Sales Tax on Short Term Lodging to Fund Affordable Housing”
Before the Joint Standing Committee on Taxation
February 13, 2024

Good morning, Sen. Grohoski, Rep. Perry and Members of the Joint Standing Committee on Taxation. My name is Linda Caprara I am the Vice President of Advocacy for the Maine State Chamber of Commerce and a resident of Winthrop. I am here today to testify in opposition to L.D. 1298, “An Act to Allow a Local Option Sales Tax on Short Term Lodging to Fund Affordable Housing.”

This is yet another bill that deals with local option taxes. Over the years, numerous local option tax bills have been brought before the Maine Legislature and all have been defeated.

The Maine State Chamber has long opposed local option sales taxes for a variety of reasons, including:

- Enacting a local option sales tax increases the total tax burden in the state.
- This bill adds another layer of sales tax to items purchased in the municipalities that enact it.
- Local option taxes are nothing more than another way to raise revenue for municipalities and would do nothing to reduce taxes at the local level. After all, any time a municipality needs a new fire truck, a new school, or any new budget item they could simply impose the tax. Municipalities need to focus on spending efficiencies and not just continually raising taxes on Maine businesses and Maine people.
- Local option sales taxes hurt small brick-and-mortar businesses. Many folks buy local to support small brick-and-mortar businesses in their municipalities. Local businesses located in one locale compete with local businesses in another locale and on-line. Businesses located in towns that enact a local option sales tax will be at a competitive disadvantage with businesses in municipalities that do not enact a local option sales tax. Enacting local option taxes will pit one community against another. The tax will hit their bottom line, and they may not be able to pass the expense on to the consumer, and ultimately, lose sales to neighboring towns that don't have local option sales taxes.
- Local option sales taxes impact local economic development efforts.
- Municipalities around the state work hard to try to attract businesses to their locales; many hire economic development directors to do just that. This will do nothing to attract businesses but discourage businesses from locating in towns that have additional taxes. This bill will make towns that imposes sales taxes less attractive locations.
- Once local option taxes are in place, they would be virtually impossible to remove because that municipality would become dependent on the revenue.

For these reasons, we urge the Committee to vote No on L.D. 1298.

