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February 13, 2024

To: Sen. Nicole Grohoski and Rep. Joe Perry, co-chairs  
Members, Committee on Taxation

From: David R. Clough, State Director in Maine

Re: LD 1298 – An Act to Allow a Local Option Sales Tax on Short-term Lodging to Fund Affordable Housing

This statement in opposition to a local option sales tax is on behalf of the thousands of small business owners in Maine who are members of the National Federation of Independent Business. NFIB members are located throughout Maine and are engaged in a wide range of business activities. They collectively provide paychecks to about 30,000 families; these hardworking small business owners and their employees represent the backbone of our communities and the State of Maine.

As a matter of tax policy, LD 1298 could open the lid on Pandora's Box and signal that Maine should have more tools for taxing it's residents or visitors. The referendum approval process sets a low threshold; a relatively small but coordinated bloc of voters (just a few thousand in Portland, for example) could make a local option tax a reality and, once the tax is adopted, prevent it's repeal. Municipal officials would be powerless; they would not have the power to act without going through the referendum process.

LD 1298 could also put small businesses at a competitive disadvantage with businesses that don't have to charge the extra tax. "Location, location" could become "less tax or more tax" from a customer and business owner perspectives.

NFIB urges your opposition to local option sales taxes. It is challenging enough for small businesses to survive in today's highly competitive and turbulent environment. Please vote Ought Not to Pass on LD 1298.

Thank you for being mindful of Maine small business owners and how they help make our state prosper.