

Good afternoon, Sen. Grohoski, Rep. Cloutier 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. We are testifying in opposition to L.D. 283, “An Act to Expand Local Revenues by Including Meals and Lodging Sales Tax Revenue Under the State Municipal Revenue Sharing Program. “

This bill creates an additional revenue source for certain municipalities by redirecting a portion of the sales tax revenue from the state’s meals and lodging taxes.

The Maine Tourism Fund depends on revenues from the meals and lodging sales tax here in Maine. Each year, a 5% distribution of the 8% of sales tax on prepared foods and a 5% distribution of the 9% of the lodging tax is transferred to the Maine Tourism Fund. These funds are absolutely critical to support marketing efforts that promote Maine as a tourist destination and expand the industry here in Maine.

It’s unclear whether this bill proposes to distribute 1% of funds from the State’s meals and lodging sales tax revenue back to the municipalities where it was collected on a proportional basis or whether it would take from the existing 5% distributions. Either way, the funds would flow to the local municipalities through the establishment of a Local Government Hospitality Fund. In our opinion, it’s nothing more than a local option sales tax. The end result is less funding for Maine tourism.

Tourism is a huge driver of Maine’s economy and is responsible for supporting over \$130,000 jobs here in the state, supporting over \$5 billion in wages and bringing in over \$9 billion in revenue. Last year alone, tourism dropped about 9% statewide. With the potential trade wars with Canada looming on the horizon, those figures are likely to drop even more. As a result, it is more important than ever and essential for the state to invest in tourism and keep attracting folks to the state. Maine can’t afford not to invest in one of the state’s largest industries and source of revenues.

Again, we urge the committee to vote no on L.D. 283. Thank you and I would be happy to answer any questions you have.