John and Lori Guertin
New England Hospitality
LD 225

Dear Taxation Committee:

As Maine hotel owners, we urge you to reject the proposed lodging tax increases proposed by LD225, LD632, and LD746. We saw a decline in revenue in 2024 across our Maine properties. Statewide, the summer season was down 9%, a harmful drop during the most important season for travel and tourism.

Maine’s economy is fragile, and its hotels are recovering from past disruptions. Raising lodging taxes now would further strain an industry that is still making up for lost time. Maine’s existing 9% lodging tax already puts it at a disadvantage compared to nearby states, and an increase would make it even less competitive, driving tourists elsewhere.

A 12% lodging tax would give Maine the second highest state tax in the United States. Adding a local option of up to 2% will push Maine’s effective rate closer to states like Connecticut (15%) or cities like Chicago (17.4%), but without the urban draw or year-round demand to offset it. There is a real risk that hotels will lose bookings to New Hampshire or other out-of-state options as travelers shop for value. Theoretical gains will be offset by lower demand, as Maine prices itself out of the running for vacationers.

A lodging tax hike doesn’t just affect big chains—it hammers smaller hotels and rural properties, which are critical to Maine’s tourism economy. Urban hotels might weather a tax increase, but rural properties—already seasonal and reliant on summer traffic—could see occupancy plummet. Maine’s tourism is spread across small towns, not just cities, and 1 in 10 jobs ties back to hospitality. A tax increase could force layoffs or closures, harming rural economies.

The travel, tourism, and outdoor recreation industries represent about 10% of Maine's GDP. We recognize the budget challenges Maine faces, but these tax increases are very likely to have the opposite of the hoped-for effect on state revenues, and could increase the state's entitlement burdens.