

Testimony in Opposition of LD-225: “An Act to Reduce Property Taxes and Finance Public School Construction and Education Through a 3 Percent Sales Tax on Hotel and Lodging Place Rentals”

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Senator Grohoski, Representative Cloutier, and members of the Joint Standing Committee on Taxation, my name is Greg Soutiea and together with my wife Lauren Soutiea, we have owned the Craignair Inn by the Sea and Causeway Restaurant in St. George for over 6 years now. We have grown the seasonal restaurant from 7 employees to now over 50 in peak season and a year-round restaurant giving us the opportunity to support 20+ of our staff with year-round jobs. Following, you will hear our testimony as to why we oppose LD-225.

We believe that increasing the statewide lodging tax from 9-12% would be yet another blow to small hospitality businesses in Maine, which have served as a foundation for tourism and revenue generation for communities around the state for generations. This would move Maine to the 2nd highest taxed lodging state in the country.

We know that in a given year approximately 1/4 to 1/3 of our lodging guests are Maine residents. Increasing this tax would take an additional \$4,000-\$5,250 out of Mainers pockets who visited our inn. It would reduce travel budgets of people visiting areas of the states and leave less to spend in those communities they are visiting.

We already know that visitors to Maine declined by 9% (according to the MOT) – increasing taxes on lodging properties will do more to continue that declining trend than it will do to reverse it, further hurting Maine hotels and communities. It would be great if we could alternatively consider ways to entice visitors to Maine rather than discourage them.

Testimony by Greg Soutiea, March 12, 2025