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### Testimony in Opposition to

#### 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)

**J. Andrew Cashman on behalf of the Maine Association of REALTORS®  
March 12, 2025**

Senator Grohoski, Representative Cloutier and members of the Joint Select Committee on Taxation, my name is Andy Cashman. I am the Founder of Resolve Government Relations. We represent the Maine Association of REALTORS®, a professional trade association established in 1936 with over 6,500 members statewide. REALTORS® grow Maine's economy and build Maine communities. Our members represent buyers and sellers involved in both residential and commercial real estate transactions. Our membership also includes industry affiliates, such as lenders, closing agents, title agents, appraisers, building inspectors, surveyors, etc. The Maine Association is chartered by the National Association of REALTORS® (NAR), the largest trade association in the country.

The Maine Association of REALTORS® opposes LD 225 as it would create an additional 3% sales tax on lodging rentals, essentially increasing the lodging tax from 9% to 12%. This would increase Maine's tax burden and is a significant imposition on property owners and small businesses. As housing advocates, we oppose laws, rules, and regulations that impose unreasonable restraints and limitations on that right, to include inequitable and counterproductive taxes. LD 225 would deter business development, tourism and in some cases, challenge private property rights. The imposition of additional taxes on second homes or rental properties is an unfair burden to property owners already subject to separate taxation. Property use taxation and increasing small business expenses pose a direct threat to our state's economic sustainability.

Property and small business owners should not be expected to subsidize Maine's education budget especially when they are not utilizing the municipal services. LD 225 would allocate an additional 3% increase to finance public education, which is primarily funded through property taxes. The taxpayers targeted in this proposal have already paid their share of the burden. They have paid a real estate transfer tax at the time of purchase, they pay their property taxes annually, which as mentioned primarily goes to public education, and if they are using their property for rental business, they are subject to the current 9% lodging tax. Increasing this to 12% to support education is an over-reaching and inequitable proposal.

Many Mainers who operate small businesses, such as Bed and Breakfasts, Inns and even Short-Term Rentals (STRs) do so as their livelihood. Owners should not be financially penalized for renting their properties. Short-Term Rental (STRs) operation allows property owners the ability to generate income that enables them to afford to keep their properties, many of which are seasonal-family camps that have been passed down from generation to generation. On average 75% of Maine's second homes are owned by Maine primary residents. This bill, like others proposed this session, would hurt Maine families and businesses.

Increasing the cost to local businesses that welcome visitors who contribute to the local economy through the use of services would also be bad for Maine's economy. According to the [Maine Office of Tourism 2023 Highlights](#), 2023 visitor spending generated \$16 Billion in economic impact in Maine. Tourism supported 131,000 jobs in 2023 and for many rural communities, lodging and STR businesses provide economic stability through local-industry related employment year-round.



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The proposed fee increase in LD 225 would not only hurt property owners and businesses, but it would come as an increased expense for travelers in Maine. Moreover, temporary housing is not just solely for out of state “tourists” or travelers on vacation. Short-term lodging is a proven solution for needed temporary housing for reasons such as employment contracts or per diem work (such as health care professionals and construction workers), or even some hoping to move to Maine. This type of housing is often the solution for many, including Maine residents, transitioning during a move, a life change or work contract. The increased taxation as proposed would worsen Maine’s reputation as being one of the highest taxed states despite being one of the poorest. We rank among the lowest for job wages and productivity. This bill would ultimately compound those problems and worsen our current housing and affordability problems. Maine needs incentives that will attract businesses, bolster development and encourage investment into Maine’s economic future. This bill would do the contrary by challenging private property use and restricting growth opportunities for Maine businesses.

For these reasons, we strongly urge the vote Ought Not to Pass on LD 225. Thank you for your time and consideration.