

Mike Williams

General Manager, Royal Anchor Beach Resort

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Senator Grohoski, Representative Cloutier, and members of the Taxation Committee,

Thank you for the opportunity to speak today. My name is Mike Williams, and I am the General Manager of the Royal Anchor Beach Resort, a family-owned beachfront property in Old Orchard Beach that has welcomed guests to Maine for decades. I strongly oppose LD 225, raising the state's lodging tax from 9% to 12%.

This 33% tax increase would give Maine the second-highest statewide lodging tax in the U.S., making us an economic outlier. It would put Maine at a competitive disadvantage, especially compared to New Hampshire, where the lodging tax remains at 9% with no sales tax. Visitors make choices based on affordability. Due to already increases in costs in recent years, visitors have had to make difficult choices because of the lack of affordability. For example, they are changing their dining habits and not going out to eat as much and they are shortening their length of stay. If we make Maine more expensive, they will just go elsewhere.

Let's note that Maine's tourism industry is already under pressure. The Maine Office of Tourism reported a 9% decline in visitors during the summer of 2024, and lodging occupancy rates in the New England region continue to outperform Maine. Fewer visitors don't just hurt hotels and rental owners, they mean fewer jobs for thousands of Mainers who rely on tourism, including hotel staff, restaurant workers, tour guides, and small business owners. Raising the lodging tax risks cutting hours, eliminating positions, and putting Mainers out of work.

We are also facing another serious challenge: the loss of Canadian visitors. Due to the current political climate, many longtime Canadian guests are canceling reservations, some in tears, telling me they don't know when they will return. This strained relationship will take time to repair. But when they do consider coming back, an even higher lodging tax will push them to stay elsewhere—permanently.

So rather than making Maine more expensive, the state should invest in marketing Maine as a travel destination, much like other states do with great success. Michigan's "Pure Michigan" campaign has generated billions in tourism spending by effectively promoting the state's natural beauty and attractions. If Maine made a similar investment, we could attract more visitors and increase tax revenue, without burdening travelers.

Lastly, this is also not just a tax on out-of-state tourists, one-third of lodging stays in Maine are booked by Mainers. This tax hike would increase costs for residents traveling within their own state for work or leisure, making Maine even more expensive.

At the Royal Anchor Beach Resort, we take pride in offering guests an authentic Maine experience. We work hard to keep rates competitive, but a higher lodging tax would force us to either raise prices or absorb costs, both of which would hurt our ability to compete.

I urge the committee to reject this proposal and instead focus on policies that will strengthen, not weaken, Maine's hospitality industry.

Thank you for your time.

A handwritten signature in black ink, appearing to read "M. L. Walker". The signature is fluid and cursive, with a long horizontal stroke extending to the right.