

Dear Senator Grohoski, Representative Cloutier, and members of the Taxation Committee, I oppose LD 225,

My name is Elizabeth Cooke and my wife, Carolyn, and I own and operate the Newcastle Inn Bed & Breakfast in Lincoln County. For both of us, this is our sole source of income. To be specific, this is not a second home purchased with the intent of future retirement while being used to produce passive income in the present. Nor are we a hotel chain that has the leverage and financial backing to significantly negotiate costs. For us, this is very much a labor of love. Welcoming guests to our inn, sharing our beautiful state and steering our guests to the top-tier local businesses in our area is a privilege.

Over the 3 ½ years we have owned the inn we have faced significant challenges related to rapidly rising costs. We have experienced high inflation and rising expenses in nearly all facets of our business, for example, a nearly 225% increase in the cost of eggs that we use in every breakfast we prepare for our guests. To compete for help in Maine's shrinking labor force and to assist our employees in covering their own increasing costs, we have raised employee wages by over 25%. Last year, we saw our property tax increase by nearly 17%. These factors have already forced us to raise our prices while still trying to keep our inn accessible to all and have enough income cover our basic living expenses.

We fully appreciate that the logical answer to counter rising costs is to increase revenue; however, the increased cost to our customers, should the state move ahead with the additional proposed tax, would make this solution untenable. Akin to tariffs, this government-imposed tax will get passed down to tourists, forcing them to choose whether to shoulder the burden or abstain from travel to Maine and seek lower cost options elsewhere, including neighboring New England states with lower lodging tax rates.

During the winter months, when operating costs are high, but interest in visiting the Midcoast is tepid, Mainers come to our aid, opting for a short trip to break up the winter doldrums. Last year, over 30% of our winter revenue came from fellow Mainers. Do we want to penalize them for supporting small businesses in their state? During that same time, an additional 40% of revenue came from fellow New Englanders. Do we want to push them to visit nearby states, to the additional detriment of other local shops and businesses? This year we have already seen a sharp decline in bookings from our Canadian friends up north, with no clear end in sight.

Maine is an incredibly special place with incredibly special people. We ask that you consider the determinantal impacts of this bill and vote no, to keep Maine accessible and affordable for everyone.

Thank you,

Elizabeth & Carolyn Cooke
Newcastle, Maine

