

Mayor and Council Offices

Mark Dion

Mayor

March 12, 2025



Testimony of Mark Dion, Mayor of the City of Portland,
In Support of

LD 632, An Act A to Allow a Local Option Sales Tax on Short-term Lodging to Fund
Affordable Housing

LD 746, An Act to Authorize a Local Option Sales Tax on Short-term Lodging to Fund
Municipalities and Affordable Housing
Before the Joint Standing Committee on Taxation

Senator Grohoski, Representative Cloutier and distinguished members of the Joint Standing Committee on Taxation, my name is Mark Dion, Mayor of Portland to testify in support of LDs 632 and 746 on behalf of the City of Portland. Portland is home to nearly 70,000 Mainers and a vibrant center for business, the arts, and tourism. And as Portland’s largest city and a service center, we shoulder substantial financial burdens. As noted by the Maine Municipal Association in support of a LOST: “Service center communities that attract people from a larger region for jobs, housing, retail, recreational opportunities, and social services programs are called upon to provide governmental services to a population much larger than their property tax base can Support.”

In these municipalities the local option sales tax would generate some of the revenue necessary to offset some of these costs of providing municipal services to a daytime population that far exceeds the fulltime resident population and to which significant numbers of residents from other Maine towns and cities go to receive state mandated support.

Under current Maine law, municipalities have few options for raising revenue other than the property tax. And while our options for revenue are severely limited, Portland taxpayers are required to pay for an ever-growing share of the costs for schools, public safety, essential services, roads, and more.

In addition to supporting these proposals because they represent a pragmatic badly needed source of revenue, we also believe this should be a matter of local control. These bills merely provide town and city leaders the flexibility to implement a local option sales tax on a small subset of leisure activity occurring in our communities – lodging – only if approved by the voters participating in the required referendum election.

And in terms of the intended use of the generated taxes in these bills – while the City would prefer to have flexibility in how we direct these funds, we do agree wholeheartedly that affordable housing a key priority locally and for the entire state.

Providing municipalities with the opportunity to pass a local option tax is a common and accepted

tool that helps offset burdens to local taxpayers in ways that reflect the needs and priorities, values of that community. In fact the overwhelming majority of other states allow for a local option sales tax. Portland other Maine communities should have the option to decide what is in their best interest.

And this is not a new idea here in Maine. Local option sales taxes have been the subject of legislative consideration here in Maine as far back as I can remember. Portland has consistently voiced support for these measures – either individually or as part of the Mayors’ Coalition - and I return today to reiterate strong support. I will add that this session does feel even more dire as those of us looking at municipal budgets find ourselves in a particularly uncertain time in terms of predictable, reliable revenue at the state and federal levels.

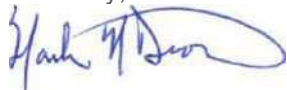
I respectfully believe that now is the time to create this opportunity.

And a gentle reminder – as Bill Bridgeo said in 2019 in his testimony on behalf of the Maine Service Centers Coalition in support of LOST legislation:

“Please keep in mind that by acting favorably on a local option sales tax you are not voting to levy a tax. Rather, you are acknowledging that a partnership exists between the state and its municipal subdivisions with each party dedicated to the same common goal of delivering essential government services to the people of our great state.”

Thank you for your time today and for your consideration.

Sincerely,

A handwritten signature in blue ink, appearing to read "Mark Dion", with a large, sweeping flourish at the end.

Mark Dion
Mayor
City of Portland, Maine