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Testimony in Opposition to

LD 559 (“An Act to Provide Property Tax Stabilization for Older Maine Residents”)

**J. Andrew Cashman on behalf of the Maine Association of REALTORS®
March 19, 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 559 because it would increase Maine’s tax burden by imposing additional taxes on Maine property owners and businesses. While we do not oppose the bill’s intent to allow a municipality to adopt its own property tax stabilization program, we oppose the language enabling local option taxes to subsidize it. If passed, this bill would allow municipalities to impose a local option sales tax of an additional 1% on top of the current 9% lodging tax and the 8% prepared meals tax to help fund a property tax stabilization program for older Maine residents. Local option taxes deter small business development, and in some cases, challenge private property rights. This proposal would adversely impact communities that rely on that income generation for economic stability and growth.

In a recent study of Maine’s economic competitiveness conducted by the Porter Development Initiative in collaboration with the Maine Jobs Council, Maine wages are more than 20% below the U.S. benchmark. Yet, at the same time, Maine has the 9th highest state and local tax burden as a share of state income. Increasing local sales tax would hurt younger generations of Mainers while trying to stabilize taxes for seniors. We support measures to reduce the tax burden for property owners but are concerned about this approach. We need policies that contribute to our state’s financial wellness and viability.

We also have significant concerns about imposing additional taxes on property owners renting their properties for short-term use. Local option taxes targeting owners based on their use of private property goes against the fundamental right of one’s ability to acquire, occupy, use and dispose of real property as they choose within the law. As housing advocates, we oppose laws, rules, and regulations that impose unreasonable restraints and limitations on that right, to include inequitable and counterproductive taxes. The imposition of additional taxes on property is an unfair tax burden to owners already subject to separate taxation. Property use taxation and increasing small business expenses pose a direct threat to our state’s economic sustainability.

If passed, this bill would:

- Disproportionality increase the tax burden on Maine businesses and property owners operating to support tourism and temporary housing in Maine. Owners should not be financially penalized for renting their properties. Renting property as a business is a means for many Mainers to provide for their families



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and afford the increasing cost of living in our state. Many Mainers who operate small businesses, such as Bed and Breakfasts, Inns and even Short-Term Rentals (STRs) do so as a livelihood, a means to an end. 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. For some, STR operations can provide financial stability or a pathway for retirement.

- This bill would allow taxes that exceed the reasonable cost of providing the service for which the fee/tax is charged. If passed, some communities could collect a total of 10% in fees to local businesses that welcome visitors to their communities. Visitors are contributing to the local economy through the use of services. It is not solely "tourists" or travelers on vacation. Short-term lodging is a proven solution for much 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. Temporary housing is often used for many people, including Maine residents, transitioning during a move, a life change or work contract.
- Rental housing needs are best met through private investment. Targeting short-term lodging providers and small business owners is not a sustainable solution for Maine's economic stability, nor an equitable balance of tax burden.
- MAR opposes increased fees that would only compound Maine's high tax burden. Higher costs for local small businesses will result in additional costs for Mainers traveling in-state as well as visitors to Maine. Making the cost of doing business more expensive could result in losses to the local economy and even the job market because travelers will choose other places to visit if it becomes cost prohibitive or burdensome to travel in Maine.
- Maine is "Vacationland" and by over-regulation you are limiting one of Maine's top industries. According to the [Maine Office of Tourism 2023 Highlights](#), 2023 visitor spending generated \$16 Billion in economic impact in Maine. The MOT study also showed that visitors to Maine spent just over \$9 Billion in direct contribution to our state through use of accommodations, transportation, groceries, restaurants, shopping, entertainment, and other expenses. Tourism supported 131,000 jobs which is a 5% increase from the year prior. For many rural Maine communities, lodging and STR businesses provide economic stability through local-industry related employment that draws upon Maine's appeal as a year-round outdoor recreational destination.
- Increasing the cost of tourism is not a sustainable solution to Maine's economic stability. Maine is already one of the highest taxed states in the country and ranks among the lowest for jobs and productivity. This bill would ultimately compound those problems.

In closing, MAR remains a strong housing advocate. We support legislation that aims to improve housing affordability in Maine, allowing for owners at all stages of life to live in property that is safe and affordable for them. We support the efforts of the public and private sector to meet the needs of housing in Maine, however property and small business owners should not bear the burden of subsidizing Maine's overall fiscal needs. This bill would challenge private property use and restrict growth opportunities for Maine businesses.

For these reasons, we strongly urge the vote Ought Not to Pass on LD 559. Thank you for your time and consideration.