
Testimony of Nate Cloutier

Before the Joint Standing Committee on Taxation

March 19, 2025

In Opposition to LD 559, “*An Act to Provide Property Tax Stabilization for Older Maine Residents*”

Senator Grohoski, Representative Cloutier, and distinguished members of the Joint Standing Committee on Taxation, my name is Nate Cloutier, and I am here today on behalf of HospitalityMaine, representing Maine’s first-rate restaurant and lodging industries. I am also testifying on behalf of the Maine Tourism Association (MTA). MTA has been promoting Maine and supporting members in every type of tourism business, such as lodging, restaurants, camps, campgrounds, retail, guides, tour operators, amusements, and historical and cultural attractions for over 100 years. HospitalityMaine and the Maine Tourism Association oppose LD 559, “*An Act to Provide Property Tax Stabilization for Older Maine Residents.*”

LD 559 would permit a municipality to adopt a local option sales tax of 1% on meals and lodging taxes to be used to offset the loss of revenue from a property tax stabilization program for seniors of that municipality.

This legislation would allow for a patchwork of tax laws with varying rates between municipalities, possibly leading to pricing differentials for restaurants and hotels serving the same market. However, Maine has many restaurants and lodging establishments outside of service centers that may also seek these higher taxes. Regardless, this likely uneven tax structure likely creates compliance and accounting challenges for businesses operating in multiple locations around the state.

In the summer of 2024, Maine experienced a 9% decline in visitation, raising some concerns about the upcoming and future seasons. Businesses within municipalities enacting these taxes would have to prepare to offer higher meals and lodging tax rates to their future guests who may already be incentivized to look elsewhere outside Maine. Given ongoing uncertainties, such as international tariffs and fluctuations in Canadian travel, Maine’s hospitality and tourism businesses cannot afford another competitive disadvantage. Moreover, Maine’s hotel occupancy rates are already lagging the rest of New

England, and that disparity has remained consistent over the previous year.

It's important to recognize that meals and lodging tax increases do not only affect tourists—we estimate that nearly one-third of lodging stays in Maine are booked by Maine residents. The tax impact on Mainers increases even greater when considering restaurant-goers.

We are sympathetic to the burden of high property taxes, as businesses are also subject to them. Municipalities such as Lewiston and Brunswick have cited the increased costs of labor as major factors leading to bloated budgets, and the businesses we talk to and work with every day share in that struggle. We appreciate the intent behind alleviating the property tax burden (limited to seniors), however we do not believe local option sales taxes are the best mechanism to tackle the issue.

Allowing for local option sales taxes would further cement Maine's reputation as a high-taxed state, adding additional costs to consumers in key industries that are already struggling with competitiveness amongst other tourism hubs, labor shortages, and rising operational costs. At a time when Maine should be positioning itself as a premier travel destination, these tax increases would make the state less attractive, less affordable, and less competitive.

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