

**TESTIMONY OF
MICHAEL J. ALLEN, ASSOCIATE COMMISSIONER FOR TAX POLICY
DEPARTMENT OF ADMINISTRATIVE AND FINANCIAL SERVICES**

Before the Joint Standing Committee on Housing and Economic Development
Hearing Date: *April 15, 2025*

LD 1181 – “*An Act Regarding the Designation of Short-term Rental Units as
Commercial or Residential in Use*”

Senator Curry, Representative Gere, and members of the Committee on Housing and Economic Development – good afternoon. My name is Michael Allen, Associate Commissioner for Tax Policy in the Department of Administrative and Financial Services. I am testifying at the request of the Administration Against LD 1181, “*An Act Regarding the Designation of Short-term Rental Units as Commercial or Residential in Use.*”

The “short-term rental” designations applicable to properties rented via a transient rental platform made under LD 1181 do not appear to have any effect on property tax assessments or administration, though the bill may have unintended and unforeseen tax or tax administration consequences. As such, it is unclear why the bill directs the municipal assessor to make the designations or how the assessor would acquire the necessary information; it is likely the role could be better accomplished by a different municipal official.

If the municipal assessor is required to make the designations, it might be more effective to tie the residential designation to the property tax exemption for homesteads and its definition of “permanent residence,” which has an existing process, defined standards, and would already be known to the municipal assessor.

The Administration looks forward to working with the Committee on the bill.