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Testimony Opposing Transfer of Tourism Marketing Funds & Supporting Strategic Expansion of Maine's Tourism Investment

Chair, Members of the Committee:

I write to respectfully oppose the proposed transfer of funds from Maine's Tourism Marketing Promotion Fund and to urge the Legislature to view this issue through a broader economic lens.

The proposal to move \$700,000 from the Tourism Marketing Promotion Fund to the Municipal Investment Fund is not just a bookkeeping decision, it sets a precedent that dedicated tourism dollars can be redirected to fill unrelated budget gaps. Once that line is crossed, it becomes easier for future administrations to treat tourism promotion as a reserve account rather than a core economic engine.

Transfer of Funds Out of Maine.

Tourism marketing is not discretionary spending. It is an investment that produces measurable returns in tax revenue, employment, and business activity. Research consistently shows that diverting promotional funding leads directly to fewer visitors, reduced spending, and ultimately lower state tax collections, often exceeding the amount "saved" by the transfer.

When visitor numbers decline, the impact cascades:

1. Lodging occupancy drops
2. Restaurant and retail spending declines
3. Seasonal jobs disappear
4. State and local tax receipts fall

In short, shifting these funds is not fiscally neutral. It is economically contractionary.

This proposal is especially concerning given current market realities. Maine is already facing a meaningful decline in Canadian tourism, one of the most important drivers of the state's summer economy. Canadians represent hundreds of thousands of annual visitors and roughly half a billion dollars in direct spending, concentrated heavily in lodging, dining, and retail.

At the same time:

1. The Canadian dollar remains significantly weaker relative to the U.S. dollar
2. Maine's 9% lodging tax is highly visible on booking platforms
3. Price sensitivity among cross-border travelers has increased

The result is structural, not cyclical, pressure on Maine's competitiveness as a destination.

For this reason, the policy discussion should not be about cutting tourism investment. It should be about strengthening it.

One practical example is a targeted, one-year lodging tax holiday for Canadian visitors during the summer season. A temporary suspension of the 9% lodging tax would create an immediate, visible price reduction and could stimulate measurable increases in Canadian visitation, overnight stays, and total spending.

Even conservative projections indicate:

1. Increased demand for overnight lodging
2. New spending across restaurants, retail, and attractions
3. Stabilization of seasonal employment
4. Offsetting tax revenue from meals, fuel, and sales

This type of targeted promotion recognizes a simple economic truth: Maine's tourism economy is highly elastic. Small pricing or marketing shifts produce large behavioral changes among visitors.

The core policy choice before you is therefore not simply about \$700,000.

It is about whether Maine treats tourism as: a budget balancing tool, or a primary economic development strategy.

Tourism is one of Maine's most productive industries. It fuels small businesses, supports thousands of seasonal workers, and anchors the economic health of coastal communities. Diverting its marketing resources undermines that foundation at the exact moment when competition for visitors is intensifying.

Instead of transferring funds away from tourism promotion, the Legislature should:

1. Protect the integrity of the Tourism Marketing Promotion Fund
2. Recognize the decline in Canadian visitation as a strategic risk
3. Increase targeted marketing investment
4. Pilot high-ROI measures such as a Canadian lodging tax holiday

Maine does not have a tourism spending problem. It has a tourism competitiveness challenge. The state should respond not by shrinking its promotional capacity, but by strengthening it, because every visitor attracted to Maine drives local revenue, supports jobs, and reinforces the state's long-term economic stability.

Thank you for your consideration.