



Grayson Lookner

P.O. Box 8264

Portland, ME, 04104

Phone: (207) 200-3860

Grayson.Lookner@legislature.maine.gov

HOUSE OF REPRESENTATIVES

2 STATE HOUSE STATION

AUGUSTA, MAINE 04333-0002

(207) 287-1400

TTY: MAINE RELAY 711

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Testimony of Representative Grayson Lookner introducing

LD 1177, An Act to Assess a Slip Fee on Megayachts Registered in Offshore Tax Havens

Before the Joint Standing Committee on Transportation

Good afternoon Senator Chipman, Representative Williams, and honorable colleagues on the Joint Standing Committee on Transportation. My name is Grayson Lookner, and I represent House district 113, which includes part of Portland. I'm here today to present **LD 1177, An Act to Assess a Slip Fee on Megayachts Registered in Offshore Tax Havens**.

Maine's idyllic summers, iconic coast, and pristine harbors are some of our state's greatest resources, and people come from around the world to experience our unique landscape and way of life. As we all know, tourists contribute to our economy in myriad ways, including bolstering local and state revenues through a lodging tax. Why should it be any different for tourists who visit our state in megayachts?

There are few things that demonstrate the unsustainable levels of inequality^[1] that exist in society today more than the megayachts^[2] that billionaires bring to coastal Maine every summer. Yachts over 100 feet long can cost tens-of-millions to build, and can consume hundreds-of-thousands of dollars worth of fuel on a single tank. In a summer, these vessels can emit as much carbon as hundreds of average Americans annually, contributing to the accelerating climate crisis. On top of this, the Gulf of Maine is one of the fastest warming bodies of water on the planet,^[3] so this should be cause for concern for us all.

The owners of these vessels often register them in off-shore tax-havens in order to avoid paying their American taxes. They use internationally recognized tax havens^[4] such as the Cayman Islands, Panama, and Liechtenstein – a country that doesn't even have a shoreline – to hide their wealth from American authorities and evade their responsibility for contributing to the common good.

Maine's harbors and marine infrastructure have needs – ferries for island transportation, dredging to keep our harbors accessible, and public moorings and docks. In the near future, there will be an unprecedented need to invest in sea-level rise infrastructure to preserve our historic communities and working waterfronts. With LD 1177, we have the opportunity to raise money for these public projects by assessing a modest fee on yachts over 100 feet in overall length.

I am introducing an amendment today that ensures that the funds go towards projects that support our State's iconic working waterfronts and historic coastal communities. Of the funds collected, 10% are reserved for the municipalities or harbor commission that collect the fee; of the remaining funds, half will go towards supporting harbor infrastructure and activities, and sea level rise mitigation infrastructure; and the other half will go towards supporting public transportation like ferries to support our state's island communities, which have seen drastic increases in ticket prices in recent years. I believe this amendment is equitable, fair, and simple to assess.

The committee is bound to hear today that this fee has the potential to scare yachts away from the Maine coast. I would encourage the committee to be skeptical of these claims. This fee is so modest that it's hard to imagine that it would factor into a person's decision to visit Maine. Do tourists staying in Maine's hotels let the lodging tax deter them from the state? If they do, it certainly hasn't been enough to affect Maine's tourism economy. Conversely, if the owners of these vessels wish to avoid paying this fee, they could also register their assets in the United States and pay taxes like the rest of us.

There is only one Coastal Maine, and people will travel from all over the world to come experience it. This modest fee will be a way that we can begin to invest in our harbors, public transportation infrastructure, and our climate resilient future.

Thank you for hearing my testimony. Together we can work towards a more equitable future for our great state and all of its residents.

Citations:

[1] CNBC. (2023, March 28). 5 alarming stats on US economic inequality. Retrieved from

<https://www.cnbc.com/2023/03/28/5-alarming-stats-on-us-economic-inequality.html>

[2] Barnes, P. (2023, April 10). Opinion | How Superyachts and Private Planes Accelerate Climate Change. The New York Times.

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[3] National Centers for Environmental Information (NCEI). (2021, September 14). Study Finds Fast-Warming Gulf of Maine Region. Retrieved from

<https://www.ncei.noaa.gov/news/study-finds-fast-warming-gulf-maine-region>

[4] European Parliament. (2017, April). Committee of inquiry to investigate alleged contraventions and maladministration in the application of Union law in relation to money laundering, tax avoidance and tax evasion (PANA). Offshore activities and their effects on the EU internal market. Retrieved from

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