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**Testimony in Opposition to LD 1893**  
**("An Act to Allow a Municipality to Impose a Fee on Short-term Rentals for the Benefit of That Municipality")**

**J. Andrew Cashman on behalf of the Maine Association of REALTORS®**

**January 23, 2024**

Senator Grohoski, Representative Perry and members of the Joint Standing Committee on Taxation, my name is Andy Cashman. I am the Founder of Resolve Government Relations, and 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 1893 because it imposes additional taxes on second homes which are often owned and used by Maine citizens and families. LD 1893 would also increase Maine's tax burden. If passed, this bill would allow municipalities to impose a "fee" (actually a tax) on property owner's renting their properties for short-term use. Local option fees 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. Real property ownership has been and continues to be one of the highest personal priorities for most Americans.

If passed, this bill would:

- Disproportionality increase the tax burden to Maine property owners. Owners should not be financially penalized for renting their properties to be able to afford to keep them. Short term rental (STRs) operation allows property owners the ability to generate income which can provide financial stability or a pathway for retirement. Renting property as a business is a means for many Maine property owners to be able to afford to keep their properties.
- Property owners operating STRs are contributing to the local municipal tax base through their property taxes but are not using those services, primarily public education. Increasing expense and limiting operation of these would not only drive property owners to other markets, but also result in loss to needed local tax revenue.
- Short term rentals provide housing. Individuals renting these properties are contributing to the local economy through the use of services. It is not solely for tourists or local travel. STRs are a proven solution for short-term employment contracts or per diem work (such as health care professionals and construction workers), or even some hoping to move to Maine. STRs



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provide a pathway to housing – often for people transitioning during a move, a life change or work contract.

- Rental housing needs are best met through private investment. Targeting short-term housing providers is not a sustainable solution to Maine's economic stability.
- Additional regulatory fees deter tourism and small business development, impacting communities that rely on that income generation for economic stability and growth.
- Higher costs to short term rental operators will result in additional cost to tourism. Making the cost of doing business more expensive could result in losses to the local economy because travelers will choose other places to vacation if it becomes cost prohibitive to travel to Maine. Maine is "Vacationland" and by over-regulation you are limiting one of Maine's top industries. According to the Maine Office of Tourism 2022 Economic Impact Study 2022 visitor spending generated \$15,851,046,200 in economic impact for Maine. The study also showed that visitors to Maine spent \$8,644,145,000 in direct contribution to our state through use of accommodations, transportation, groceries, restaurants, shopping, entertainment, and other expenses.

The Maine Association of REALTORS® is committed to protecting and preserving the constitutional right of every individual to acquire, occupy, use and dispose of real property as he or she chooses within the law. This bill goes against that right on many levels. We strongly urge the vote Ought Not to Pass on LD 1893. This bill is bad for Mainers and businesses. Thank you for your time and consideration.