

- AN ACT TO ALLOW A MUNICIPALITY TO IMPOSE A FEE ON SHORT-TERM RENTALS FOR THE BENEFIT OF THAT MUNICIPALITY

Testimony IN OPPOSITION to LD 1893

Senator Grohoski

Representative Perry

Members of the Joint Standing Committee on Taxation

My name is Debra Hart and I am a resident of Manchester, Maine. I am testifying today on behalf of my client, the Vacation Rental Property Managers of Maine in opposition to LD 1893. Our opposition is based on the unfairness of singling out certain sectors of the lodging industry and potentially subjecting them to an additional tax, which can be in any amount, in addition to the 9% lodging tax they pay.

The vacation rental industry did not begin with Airbnb's, or Vacation Rentals that you see advertised on TV. And to be clear, we support those platforms as valid options for Maine people who choose to rent their properties. However, we would like you to know that the practice of Maine citizens renting out their homes, most typically when they are not there, has been a longstanding practice that goes back many, many years. There are circumstances where property owners have inherited a property from a family member but paying the upkeep and property taxes can be challenging or sometimes impossible if they cannot get help through rental income. Inheriting a family farm with lots of acreage or a cottage on the coast or an inland lake is a wonderful thing, but it can be a burden if it cannot be a full-time residence. Many times, that residence can be a dream for a future retirement home but to keep it for that future time, a rental is often the only option outside of selling a beloved property.

What this LD does, and others before it, is to allow a community to impose an additional tax, which may result in a customer going to a different town where they would not pay this elevated tax. We understand it is subject to a vote in a municipality and the referendum question can indicate what that rate of the local option tax can be. It may be that some residents, for whatever reasons, want to limit or severely restrict short-term rentals, and this can be a vehicle to achieve that goal. But we would ask you to consider whether this is fair to the property owners who in many instances are just trying to hold onto a treasured piece of property. They already contribute to the lodging tax, and in addition the rental of their property also results in supporting such things as local vendors for property maintenance as well as spending money in restaurants, shops and amusements or entertainment in the towns where the property is located. For these reasons, we hope you will vote ought not to pass on this legislation.

Thank you for your time and consideration. I'd be happy to answer any questions you may have.