



**Alison Sucy, Chief Operating Officer & Director of Government Affairs
On Behalf of the Maine Tourism Association**

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

January 23, 2024

Senator Grohoski, Representative Perry, and Members of the Joint Standing Committee on Taxation:

My name is Alison Sucy, and I am the Chief Operating Officer and Director of Government Affairs for the Maine Tourism Association. MTA is the state's largest advocate for all tourism-related businesses. I present this testimony in opposition to LD 1893 which would allow municipalities to enact through a referendum a fee (with no statutory limit on the amount of the fee) on all lodging subject to the 9% lodging tax—hotels, inns, campgrounds, B&Bs, and camps and cottages.

We have great concerns about allowing this local option fee on lodging. First, there is no limit on what a municipality may choose for a fee. While this is labeled a fee and not a tax, it nevertheless is an additional amount of money our lodging establishments and, ultimately, their customers will have to pay. Maine already has a sizeable lodging tax at 9%. Only five states have a state lodging tax of 10% or greater: CT-15%, HI-14.25%, RI-12%, MI-12%, NJ-11.6%. New Hampshire, our neighbor and tourism competitor, has a 9% lodging tax and no sales tax to offer its visitors. New fees will hurt our Maine employers, their employees, and our overall competitiveness for visitors.

The revenue generated is to be returned to the municipality. Maine's towns have received unprecedented amounts of revenue over the past few years: K-12 funding at 55%, American Rescue Plan Act funds of \$500 million, and an increase in revenue sharing to 5% equaling more than \$233 million in FY 23. MTA cannot support providing more funds to towns on the backs of a tourism industry that has suffered greatly over the past several years from the pandemic to our recent storms.

A strong tourism industry equals a strong Maine economy. Tourism is a tremendous contributor to the Maine economy as evidence by this 2022 data from the Maine Office of Tourism:

- Total economic impact of tourism in Maine - \$15.8 billion
- Tourism supported 151,000 Maine jobs
- Every 102 visitors support a new job in Maine
- Direct tourism expenditures - \$8.6 billion
- Without tourism, Maine households would have had to pay \$2,172 more in state and local taxes

We believe allowing this local option fee will hurt Maine residents, visitors, Maine workers, and Maine employers who rely on tourism. I respectfully ask that you vote against LD 1893. Thank you for your consideration.

The Maine Tourism Association is the state's largest advocate for all tourism-related businesses. Incorporated in 1922, MTA members include lodging, restaurants, camps, campgrounds, retail, outdoor recreation, guides, tour operators, transportation, amusements, and cultural and historical attractions. MTA also operates on behalf of the state seven State Visitor Information Centers from Kittery to Calais, and annually produces the state's official travel planner, Maine Invites You (since 1933).