



**MAINE MUNICIPAL
ASSOCIATION SINCE 1936**

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Testimony of the Maine Municipal Association

In Support of
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 distinguished members of the Taxation Committee, my name is Amanda Campbell, and I am submitting testimony in support of LD 1893 on behalf of Maine Municipal Association (MMA). The Association's 70-member Legislative Policy Committee (LPC), who were elected by their colleagues and peers, directs MMA's advocacy efforts, and assists in the establishment of MMA's position on bills of municipal interest.

LD 1893 strives to provide municipalities with a vehicle to increase local revenue and offers local governments the opportunity to exert some control over their financial stability by allowing a community to impose a fee, not a tax, and only on short term rentals already subject to taxes imposed pursuant to MRSA 36 § 1811. This would include rentals secured through a transient rental platform, also defined in Title 36. Approval of the fee would require a local referendum vote and the ballot question must include the rate of the fee. Further, the increased revenue from any imposed fee could not reduce or eliminate state funding otherwise due to the municipality. A fee such as this one ensures that only the user of a service pays any additional costs, as opposed to a sales tax, which would be applied to all. This distinction is important, especially in communities that are required to offer increased community services, seasonally, to individuals who are not taxpayers; for seasonal communities whose state valuations are so high that their revenue sharing is minimal; and for those communities who qualify as a minimum receiver for education funding. When guaranteed state funding falls short of the need, and raising property taxes can be painful at best, additional options for revenue streams are crucial.

The State of Maine is one of only ten "home rule" states in the country, a burden and privilege that local leaders do not take lightly or for granted. The recognition of that authority in this bill, and precious few others, is encouraging to municipal officials who take the responsibility of local control very seriously. While other current bills attempt to thwart home rule authority, by vesting rights and creating permitting processes that not only limit local control but, in some cases, remove local leaders' involvement at all in community-based decisions, this bill provides the opportunity to acknowledge that community members know what is best for their communities.

It is with this recognition in mind that the LPC voted to support LD 1893 and encourages the committee to vote Ought to Pass. Please feel free to contact me with any questions or concerns at 1-800-452-8786 or by email to acampbell@memun.org.