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2 STATE HOUSE STATION
AUGUSTA, MAINE 04333-0002
(207) 287-1400
TTY: MAINE RELAY 711

Allison Hepler

417 Montsweag Rd.
Woolwich, ME 04579
Phone: (207) 319-4396

Allison.Hepler@legislature.maine.gov

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Testimony of Rep. Allison Hepler presenting
**LD 283, An Act to Expand Local Revenues by Including Meals and Lodging Sales Tax
Revenue Under the State-Municipal Revenue Sharing Program**
Before the Joint Standing Committee on Taxation

Good afternoon, Senator Grohoski, Representative Cloutier and members of the Taxation Committee. I am Allison Hepler and I represent the towns of Arrowsic, Georgetown, Phippsburg, West Bath and Woolwich. I am here today to present **LD 283, An Act to Expand Local Revenues by Including Meals and Lodging Sales Tax Revenue Under the State-Municipal Revenue Sharing Program.**

As a long-time Woolwich selectperson, I take municipal budgets and property taxes very seriously, and am proud of our ability to keep mill rates reasonable – and flat for 3 years in a row – despite increases in the county and school budgets. And as is true for all of us in the legislature, I know that property tax relief is often topmost on Maine residents' minds. This bill seeks property tax relief through the revenue produced by our state's meals and lodging taxes.

Specifically, LD 283 establishes the Local Government Hospitality Fund and distributes 1% of the state's meals and lodging sales tax revenue to the municipalities where the tax was collected in proportion to the amount of meals and lodging taxes collected by each municipality.

When I first became a selectperson, I remember asking about "unfunded mandates." In response, I received an impressive list of services that the state demands municipalities provide on behalf of the state. It was about 35 pages. In return, towns receive municipal revenue sharing. Some years ago, I did some back-of-the-envelope math just to see if that revenue sharing covered just one service that Woolwich provides for the state, namely, plowing state roads. It was not even close. And the gap between services provided and payment has only gotten larger.

Importantly, this bill does not ask consumers to pay more but simply takes 1% of existing meals and lodging tax revenue and returns it to the towns where they originated. This is direct property tax relief that is already being collected and would benefit nearly every town in the state, including the small towns I represent. While the larger towns would obviously benefit more, the revenue that would come to Woolwich, based on 2024 revenue, is \$69,707. Revenue for three

other towns in my district total \$107,702, which could be used for any number of projects. In Woolwich, we would likely add it to our Undesignated Fund Balance and use it to reduce the property tax burden when we go to commitment. Other municipalities may choose to start a housing fund or designate it for specific items in the municipal budget, such as local roads.

This is also something that tourists would help pay for. While Mainers obviously go to local restaurants and pay the meals tax, in my area, it will largely be tourists paying the lodging tax. But my larger point is, this is a simple way to provide direct property tax relief. And it comes from consumers and local businesses operating in our own towns.

I know you have many bills before you on this topic and I appreciate your attention to all of them. Thank you for your time. I am happy to take any questions you may have.