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Testimony of the Maine Municipal Association (MMA) In Support of

*LD 283, An Act to Expand Local Revenues by Including Meals and Lodging
Sales Tax Revenue Under the State-Municipal Revenue Sharing Program*

February 11, 2025

Senator Grohoski, Representative Cloutier and distinguished members of the Joint Standing Committee on Taxation, my name is Amanda Campbell, and I am submitting testimony on behalf of the Maine Municipal Association's 70-member Legislative Policy Committee (LPC) in strong support of LD 283.

This session, the LPC proactively established a platform of bills intended to bolster and support the property taxpayers of Maine. Through initiatives across the legislative board, they are committed to protecting the interests of their residents and to reducing the burden of property taxes. LD 283 was crafted after the LPC voted to include investigating opportunities to diversify the municipal revenue portfolio as a platform priority. The LPC thanks Representative Hepler for her sponsorship of this bill and her commitment to both state and municipal government.

Increasing property tax levels are at the forefront of the minds of municipal officials, taxpayers, folks around the water cooler, in newspapers and on televised news. It seems like everyone is talking about property taxes.

LD 283 proposes to create an additional stream of revenue through the state revenue sharing program that would send funding back to the communities that are investing in economic development and are hosts to hospitality establishments like restaurants and places for lodging. The Local Government Hospitality Fund would transfer 1% of meals and lodging taxes to the communities where the tax revenues were generated. This is not an additional 1% tax on meals and lodging. This is a reallocation of tax revenue that has already been collected.

Municipal officials and legislators have consistently proposed legislation to allow a local option sales tax. The legislature and current administration have consistently argued that under Article I, Section 22 of the Maine Constitution only the legislature holds the authority to impose any tax. While that position may be argued amongst stakeholders, indefinitely, municipal officials need assistance now. This proposal, while

not benefitting all communities in Maine, is a move in the right direction towards providing much needed additional revenue.

It is important to remember, in these times of discussions surrounding property taxes and municipal spending, that the municipal budget is made up of three major pieces, over two of which municipal officials have little to no control. School and county budget processes allow for minimal local involvement and the final “bill” is presented to a municipality with no room for negotiation. With these two portions of the budget increasing, municipal officials have no option but to adjust their own local service budgets to staunch the property tax bleed. Costs of emergency services, roads, solid waste management, and every other aspect of municipal government are increasing. Which should be cut to reduce the property tax burden?

Municipal officials agree that addressing the property tax burden of Maine citizens is critical and increasing the portion of state revenue that is shared with municipalities is one avenue to address that need. Maine Municipal Association looks forward to working with the committee to discuss the many options that will come before you on this topic.

Thank you for the opportunity to speak with you and share the municipal perspective. Please feel free to contact me or any member of the MMA Advocacy team with any questions related to municipal operations.