



Senator Grohoski, Representative Cloutier, and members of the Joint Standing Committee on Taxation:

My name is Alexis Miller, and I am the Experience Curator at Cottage Connection of Maine, my family's business. I am here today to express my strong opposition to LD 225, "Statewide Lodging Tax Increase to 12%."

Having grown up in, and now making my living in Maine's tourism industry, I am acutely aware of the delicate balance between taxation and competitiveness. This proposed 33% increase in the statewide lodging tax poses a severe threat to our industry, the largest economic driver in the state. Do you know this increase would make Maine an economic outlier, with the second-highest statewide lodging tax rate in the U.S.?

This drastically reduces our competitiveness, especially against neighboring states like New Hampshire, which has a 9% lodging tax and no sales tax. New England, by the way, is a very different tourism landscape than Florida, for example, where they do add on additional taxes and fees on top of their 6% sales tax – they have pretty level year-round demand, with a much larger amount of visitors than Maine annually (Nearly 143 **million** to Maine's 15 million in the 2023-2024 season.)

Additionally, the Maine Office of Tourism has reported a 9% decline in visitors in the 2023-2024 season – visitors who "saved every Maine household \$2,467 in state and local taxes" in that time. This tax increase will exacerbate the decline in visitors, driving even more travelers to other states, and shrinking the largest industry in Maine. When less folks come to visit, less lodging tax will be collected – and when tourism brought in \$1.4 Billion in taxes to the state in 2023, that reduction would be a pretty big chunk of the state's budget, and it would reduce the tax savings those visitors bring to Maine's residents as a result.

Speaking of visitors, it's crucial to remember that this is not solely a tax on tourists; an estimated one-third of lodging stays are booked by Mainers. Additionally, lodging occupancy rates in the rest of New England are outperforming Maine, signaling that we should be focused on attracting, not deterring, visitors. It comes down to this; it makes no sense to put such a high tax on the largest industry in the state. 99.2% of businesses in Maine are small businesses, and they employ 56.3% of Maine's workers. Hurting the tourism industry hurts Maine's small businesses the most.

In conclusion, LD 225's proposed 12% lodging tax is detrimental to Maine's tourism industry, our economic well-being, and our desirability to visitors – including those from our own state. I urge the committee to reject this bill and instead explore strategies that enhance our competitiveness and support the hospitality sector. We need to entice visitors, not drive them away. Please vote Ought Not To Pass.