

**Testimony of Linda Caprara
on behalf of the Maine State Chamber of Commerce**

**In opposition to L.D. 225, An Act to Reduce Property Taxes and Finance Public School
Construction and Education Through a 3 Percent Sales Tax on Hotel and Lodging Place Rentals
before the Joint Standing Committee on Taxation**

Good Afternoon Sen. Grohoski, Rep. Cloutier and Members of the Joint Standing Committee on Taxation. My name is Linda Caprara. I am Vice President of Advocacy for the Maine State Chamber of Commerce. We are testifying in opposition to L.D. 225, "An Act to Reduce Property Taxes and Finance Public School Construction and Education Through a 3 Percent Sales Tax on Hotel and Lodging Place Rentals."

We oppose L.D. 225 for several reasons. The first and perhaps most important is it increases the sales tax on hotels and lodging. Second, Maine's statewide lodging tax rate is currently third in the nation behind Connecticut at 15% and Hawaii at 10.25%. If passed, this bill would place Maine as having the second highest statewide lodging tax rate. This is yet another bill similar to the local option tax bills before this committee that target certain sectors of Maine's economy to pay for costs like education.

Maine's hotel industry is an extremely important part of Maine's tourism economy, employing over 39,000 workers and paying \$2.1 billion in wages and salaries. Increasing sales tax rates on hotels and lodging place rentals may discourage tourism, impacting local businesses that depend directly on tourism. These include businesses in the restaurant, recreational and retail industries. Tourists and businesses alike often look for affordable destinations with which to vacation and hold conventions and meetings. Increasing the sales tax rate even higher will make Maine less competitive with other states that have lower sales tax rates. The total economic impact of Maine's tourism industry is \$16 billion and with over 150,000 jobs.

Maine cannot afford to lose tourism dollars. We urge the Committee to vote No on L.D. 225 and would be happy to answer any questions.