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Testimony of Representative Michael Brennan presenting

LD 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, Senator Grohoski, Representative Cloutier, and distinguished members of the Joint Standing Committee on Taxation. My name is Michael Brennan, and I represent House District 115, which includes a portion of Portland.

I want to thank my House colleague for reading this testimony and presenting LD 225 on my behalf. I apologize that I cannot be with you all in person today.

LD 225 creates an additional 3% sales tax on the value of rental of living quarters in a hotel or lodging place, with the revenue from this tax being used by the Department of Education to fund school construction, and half would support General Purpose Aid to Education (GPA). It is estimated the tax would raise \$60 million a year in revenue.

The state's school construction needs are enormous.

According to a January 2025 report published by the Maine Education Policy Research Institute (MEPRI), many school buildings in our state today are between 60 and 80 years old, some even older, illustrating the high need for facility upgrades or replacement. The need for assistance in repairing schools is dire across the state, particularly in northern and rural areas of Maine.

Additionally, MEPRI states that the cost for school construction has risen substantially in the past three decades. The report states that the Brunswick High School project totaled \$19 million in 1992, Hampden Academy totaled \$54 million in 2008, and the Edward Little High School/Satellite Career and Technical Education Center totaled \$120 million in 2019.

As the state can only afford to approve a limited number of projects from the priority list each year for state-subsidized construction or renovation, other schools on the priority list continue to fall into further disrepair. LD 225 would significantly help to address this growing problem.

At the same time, the cost of education in the state continues to rise, which creates additional pressure on maintaining our commitment to funding 55% of the cost of K-12 education. An additional \$30 million a year would allow the state to continue funding at required levels.

Generally speaking, the state's tax policies do not accomplish enough in exporting Maine's tax obligation to out-of-state visitors. This bill would be a step in the right direction.

Thank you for your time and consideration, and I look forward to the work session.