



Opposition to: LD 632

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

My name is Audrey Miller, for the past 32 years I have operated Cottage Connection in Boothbay. I'm here today to express my concerns regarding **LD 632, "An Act to Allow a Local Option Sales Tax on Short-term Lodging to Fund Affordable Housing."**

Over the past twelve years, I've consistently engaged with this committee on matters affecting Maine's tourism and lodging sectors. I understand the desire to address affordable housing, however, I believe LD 632 presents several significant challenges.

Firstly, this bill proposes a local option sales tax specifically on short-term rentals, while excluding hotels and other accommodations. This creates an uneven playing field. As you know, according to the Maine Office of Tourism, accommodations generated over \$1.4 billion in tax revenue in 2023. Singling out one segment of Maine's accommodations raises concerns about fairness and potential economic impacts.

Secondly, the implementation of a local option tax could lead to unintended consequences. It risks creating a competitive environment between municipalities, potentially discouraging tourism in towns that implement the tax and negatively impacting the overall tourism economy.

Thirdly, I want to address the issue of representation. Many short-term rental homeowners are not registered voters in the municipalities where their homes are located. These homeowners contribute to the local economy by maintaining their properties, attracting visitors and generating revenue for local businesses. Should their voices be excluded from decisions that directly impact their homes?

Furthermore, I have found that the bill's Summary references "general assistance" for municipalities. While affordable housing is a stated goal, the specific mechanisms for achieving this goal are unclear. I believe it's essential to ensure that any revenue generated is directly and transparently allocated to the creation of new affordable housing units. How is this different from the general fund, where lodging taxes already go?

Finally, I want to acknowledge the context of this bill. As highlighted in a November 2024 Portland Press Herald article, the Portland City Council implemented a moratorium on hotel development, citing concerns about competition with affordable housing projects. Given that the bill's sponsor, Representative Skold, represents Portland, and that the hotel industry is specifically excluded from this local option sales tax, it's crucial to consider the potential influence of the hotel industry on this legislation.

I urge the committee to consider these points carefully. While the goal of addressing affordable housing is commendable, I believe LD 632, as currently written, poses risks to Maine's tourism economy and raises questions about fairness and representation. I respectfully request that the committee explore alternative solutions that promote sustainable growth for all sectors of our state. **Please vote Ought Not To Pass.**

Owner, Cottage Connection of Maine, Inc.
Vice President, Vacation Rental Professionals of Maine, Inc.