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Testimony of Rep. Gary Friedmann introducing
**LD 746, An Act to Authorize a Local Option Sales Tax on Short-Term Lodging to
Fund Municipalities and Affordable Housing**
Before the Joint Standing Committee on Taxation

Senator Grohoski, Representative Cloutier and honorable members of the Taxation Committee, my name is Gary Friedmann and I represent House District 14, which includes Bar Harbor, Cranberry Isles, Lamoine and Mount Desert. It is my honor to present to you **LD 746, An Act to Authorize a Local Option Sales Tax on Short-Term Lodging to Fund Municipalities and Affordable Housing**. You will be hearing compelling testimony from a number of speakers this afternoon. I will use my time to highlight six compelling reasons why this bill should be supported by the committee.

1. Maine has the highest property tax burden in the nation and the one of the lowest lodging taxes. Only three states do not allow a local option tax.
2. The bill authorizes but does not mandate a 2% tax. To be enacted in any municipality, the tax must be approved by a voter referendum.
3. The bill asks our out-of-state visitors to pay their fair share of building and maintaining the infrastructure required to support visitation. While some may say the tax would burden Maine residents who opt for "staycations," – the tax would fall largely on our out-of-state visitors. Maine residents generally stay in accommodations that charge less than \$200/night. That's less than a \$4 surcharge. The hotels, "glampgrounds", and Airbnb going for \$400/night or more will be appropriately paying \$8/night or more.
4. This bill is property tax relief for service center taxpayers, who have been experiencing double-digit property tax increases year after year.
5. This is not a tax on our hospitality industry. It is a tax on our visitors, many of whom are already used to higher occupancy taxes in almost every other state, plus resort fees tacked onto stays at many upscale lodgings.
6. With the rapid growth of short-term rentals like Airbnb and VRBO, many small towns without hotels could stand to gain tens of thousands of dollars per year from this 2% tax, 90% of which will be returned to the collecting municipality and 10% directed to the Maine State Housing Authority's Rural Affordable Rental Program.

Thank you for your consideration. I am delighted to answer any questions.

District 14: Bar Harbor, Cranberry Isles, Lamoine and Mount Desert

Maine's Property Tax Burden Must Be Addressed

Maine residents face the highest property tax burden in the U.S., with the average homeowner spending **4.86% of their income** on property taxes—more than any other state in the nation (WalletHub). Despite the state's growing tourism economy, particularly in rural areas driven by platforms like Airbnb, Maine is one of only three states that **does not allow municipalities to implement a local lodging tax** to help alleviate this tax burden. The others are New Hampshire, with a unique revenue model that relies on high property tax rates, and Connecticut, with a 15% state lodging tax. There is no reasonable explanation for Maine to share their state-only lodging tax model.

The Solution: Local Optional Lodging Tax

Allowing Maine municipalities to implement a **2% local lodging tax** by local referendum could bring in much-needed revenue to reduce the property tax burden on residents for seasonal use of town services. Given the boom in short-term rentals, this is an **opportunity to ensure tourism is sustainable** and that municipalities can effectively maintain the infrastructure and services tourists rely on without financially punishing residents for their town's success. Maine's reliance on property taxes to fund essential services like public safety and sewer means homeowners are covering the costs for visitors who increase demand on these services. While local lodging tax has been lobbied against in the past due to Maine's state lodging tax of 9%, in fact, tourists are getting a bargain when it comes to lodging taxes here. According to a 2019 study by the American Hotel & Lodging Association, the average combined state and local tax paid by hotel guests in the U.S. is 13.5%, with some cities even exceeding 20%. By comparison, Maine's 9% state tax is low. Furthermore, studies show no negative impact on lodging sales, employment, or the broader economy when local lodging taxes are implemented. Many hotels demonstrate this through \$25+ daily resort fees and other automatic add-ons beyond the room cost with no consequence to demand or the industry's success.

As the sample data below shows, Maine's tourism destination map has expanded significantly through short-term rental platforms like Airbnb, especially in rural areas. Note that data from Maine Revenue Services omits many towns' lodging sales, despite the presence of vacation rentals, for unclear reasons. For example, Jonesport is missing, but has around 16 AirBnB listings ranging from \$100 - \$400 per night. Over one tourism season, those properties may collectively generate over \$300k in lodging sales.

TOWN	LODGING SALES 2023	2% TAX ON 2023 SALES	LODGING SALES 2007	% INCR. '07-'23	TOWN	LODGING SALES 2023	2% TAX ON 2023 SALES	LODGING SALES 2007	% INCR. '07-'23	TOWN	LODGING SALES 2023	2% TAX ON 2023 SALES	LODGING SALES 2007	% INCR. '07-'23
Acton	\$618,202	\$12,364	\$287,587	215%	Freeport	\$20,789,198	\$415,784	\$18,276,988	114%	Phippsburg	\$4,059,395	\$81,188	\$5,014,105	81%
Arundel	\$1,177,853	\$23,557	\$142,952	824%	Fryeburg	\$1,565,834	\$31,317	\$1,070,646	146%	Poland	\$2,625,034	\$52,501	\$2,182,607	120%
Ashland	\$1,206,416	\$24,128	\$571,641	211%	Ft Kent	\$1,050,819	\$21,016	\$701,861	150%	Portland	\$140,803,776	\$2,816,076	\$56,829,128	248%
Auburn	\$11,868,017	\$237,360	\$6,951,074	171%	Georgetown	\$1,483,576	\$29,672	\$844,579	176%	Presque Isle	\$9,004,233	\$180,085	\$3,189,945	282%
Augusta	\$22,521,598	\$450,432	\$10,832,014	208%	Gouldsboro	\$578,044	\$11,561	\$842,267	69%	Rangeley	\$10,386,415	\$207,728	\$4,243,540	245%
Bangor	\$63,689,844	\$1,273,797	\$32,336,596	197%	Gray	\$47,506	\$950	\$174,911	27%	Raymond	\$3,792,004	\$75,840	\$3,665,327	103%
Bar Harbor	\$141,629,456	\$2,832,589	\$52,434,596	270%	Greenville	\$6,854,956	\$137,099	\$4,249,609	161%	Rockland	\$7,534,550	\$150,691	\$3,324,350	227%
Bath	\$8,316,456	\$166,329			Harpwell	\$5,018,502	\$100,370	\$2,941,547	171%	Rockport	\$22,399,336	\$447,987	\$10,846,311	207%
Belfast	\$7,274,900	\$145,498	\$4,655,968	156%	Harrison	\$657,983	\$13,160	\$385,330	171%	Rockwood	\$2,571,432	\$51,429	\$1,687,311	152%

Belgrade	\$992,799	\$19,856	\$1,469,491	68%	Island Falls	\$354,677	\$7,094	\$245,783	144%	Saco	\$7,706,661	\$154,133	\$7,904,051	98%
Bethel	\$8,653,331	\$173,067	\$3,990,308	217%	Jackman	\$2,344,968	\$46,899	\$1,042,700	225%	Sanford	\$3,159,160	\$63,183	\$1,303,533	242%
Biddeford	\$7,339,496	\$146,790	\$3,913,258	188%	Kennebunk	\$23,025,180	\$460,504	\$10,114,496	228%	Scarborough	\$30,323,008	\$606,460	\$14,551,510	208%
Blue Hill	\$1,265,185	\$25,304	\$1,132,961	112%	Kennebunkport	\$42,611,360	\$852,227	\$23,556,624	181%	Searsport	\$1,491,505	\$29,830	\$456,184	327%
Boothbay	\$3,658,365	\$73,167	\$2,787,248	131%	Kittery	\$8,119,905	\$162,398	\$2,455,169	331%	Skowhegan	\$1,679,892	\$33,598	\$1,322,912	127%
Boothbay Hbr	\$23,136,562	\$462,731	\$12,345,529	187%	Lebanon	\$3,195,265	\$63,905	\$838,687	381%	South Bristol	\$419,205	\$8,384		
Bridgton	\$3,448,186	\$68,964	\$2,569,557	134%	Lewiston	\$6,747,484	\$134,950	\$3,716,507	182%	South Portland	\$42,336,584	\$846,732	\$21,199,572	200%
Bristol	\$4,021,854	\$80,437	\$3,051,225	132%	Liberty	\$125,149	\$2,503			Southwest Hbr	\$14,926,453	\$298,529	\$7,450,465	200%
Brooklyn	\$531,868	\$10,637			Lincoln	\$2,083,229	\$41,665	\$632,468	329%	St. George	\$1,078,005	\$21,560	\$1,240,689	87%
Brownfield	\$315,422	\$6,308	\$258,300	122%	Lincolnville	\$5,166,812	\$103,336	\$3,089,257	167%	Standish	\$3,102,340	\$62,047	\$820,969	378%
Brownville	\$148,814	\$2,976			Lubec	\$1,904,985	\$38,100	\$584,677	326%	Stockton Springs	\$731,376	\$14,628		
Brunswick	\$13,739,622	\$274,792	\$8,351,851	165%	Madawaska	\$798,021	\$15,960	\$284,475	281%	Stonington	\$1,964,662	\$39,293	\$1,561,388	126%
Camden	\$16,116,199	\$322,324	\$8,752,499	184%	Millbridge	\$504,964	\$10,099	\$308,708	164%	Sullivan	\$597,891	\$11,958	\$372,862	160%
Caribou	\$895,970	\$17,919	\$1,700,489	53%	Millinocket	\$4,810,511	\$96,210	\$2,409,748	200%	Tremont	\$1,786,562	\$35,731	\$1,297,481	138%
Carrab. Valley	\$543,753	\$10,875	\$238,240	228%	Monhegan Pk	\$3,310,899	\$66,218			Trenton	\$3,723,447	\$74,469	\$1,105,684	337%
Casco	\$14,725,152	\$294,503	\$7,174,338	205%	Mount Desert	\$13,878,526	\$277,571	\$7,902,611	176%	Turner	\$238,361	\$4,767	\$38,616	617%
Castine	\$898,111	\$17,962	\$1,135,322	79%	Naples	\$2,919,346	\$58,387	\$2,110,717	138%	Vassalboro	\$463,040	\$9,261	\$332,731	139%
Damariscotta	\$2,391,607	\$47,832	\$2,283,567	105%	Newport	\$483,780	\$9,676	\$211,067	229%	Vinalhaven	\$802,838	\$16,057	\$445,356	180%
Dover-Foxcroft	\$450,924	\$9,018	\$126,118	358%	Nobleboro	\$1,123,566	\$22,471			Waldoboro	\$747,140	\$14,943	\$260,800	286%
Eastport	\$232,217	\$4,644	\$460,852	50%	Northport	\$610,536	\$12,211	\$538,853	113%	Waterford	\$2,850,895	\$57,018		
Edgecomb	\$855,293	\$17,106			Norway	\$453,014	\$9,060			Waterville	\$15,362,733	\$307,255	\$7,880,351	195%
Eliot	\$76,610	\$1,532			Oakland	\$872,557	\$17,451	\$659,606	132%	Wells	\$54,495,956	\$1,089,919	\$37,624,192	145%
Ellsworth	\$11,856,101	\$237,122	\$5,169,427	229%	Ogunquit	\$63,986,940	\$1,279,739	\$45,778,160	140%	Winthrop	\$1,128,176	\$22,564	\$529,454	213%
Eustis	\$1,613,714	\$32,274	\$758,405	213%	Old Orchard Beach	\$69,067,736	\$1,381,355	\$36,085,900	191%	York	\$93,444,416	\$1,868,888	\$26,035,860	359%
Falmouth	\$1,017,848	\$20,357	\$410,362	248%	Orland	\$895,580	\$17,912	\$329,265	272%					