



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

My name is Alexis Miller, and I am the Experience Curator for Cottage Connection of Maine, my family's business. Today, I am expressing my strong opposition to LD 746, "An Act to Authorize a Local Option Sales Tax on Short-Term Lodging to Fund Municipalities and Affordable Housing."

As the 2nd generation in one of the hundreds of family-owned hospitality businesses in our state, I am concerned that this bill, like LD 238 and LD 632, will harm our industry. Adding to my concern is the fact that the money collected through this tax must be shared with the state, which significantly diminishes the potential benefit for the municipalities it's collected in.

As has been mentioned in testimony on countless bills of this nature, LD 746 will negatively impact tourism by creating a patchwork of local taxes, potentially driving visitors away. National trends show that local option taxes on vacations can reduce visitor numbers where they are applied. Additionally, the requirement to share any potential revenue with the state reduces the effectiveness of this funding for local affordable housing initiatives – the ones that can maneuver to fit their community's needs best. Finally, the 9% drop in visitors from 2023-2024, as reported by the Maine Office of Tourism, highlights the vulnerability of our tourism industry. Adding more taxes will only compound the problem, potentially leading to job losses and an exodus of working-age residents. This will in turn increase the tax burden on all Mainers – something the state is already struggling with, especially now with the budget deficit and the supplemental budget, which I believe, still has not passed.

In conclusion, I oppose LD 746 because it will harm Maine's tourism industry, muddy the waters on affordable housing, and exacerbate the state's economic challenges. I urge the committee to reject this bill and consider policies that support sustainable economic growth and address the needs of all Mainers by putting more money in their pockets instead.

Please vote Ought Not to Pass.