

LD 746 - An Act to Authorize a Local Options Sales Tax on Short-Term Lodging to Fund Municipalities and Affordable Housing

Testimony provided in person by Gary "Bo" Jennings, a resident of and business leader in Bar Harbor, in support of LD 746.

"Good afternoon. My name is Gary Jennings (better known as Bo) I am here today to speak in favor of LD 746, both as a resident and as a business leader in Bar Harbor. I help run multiple businesses, and serve as the Bar Harbor Chamber of Commerce Board President.

Bar Harbor's businesses, most of whom are owned and operated by year-round residents, find themselves under constant attack. Hospitality & Tourism, the lifeblood of our economy, has become divisive in Bar Harbor. While I may not always agree with some members of my community, they are still my neighbors. We all live in a tourist destination, but for some, they do not benefit from the vibrant tourism and hospitality scene. That's because Bar Harbor, and other coastal towns, do not get their fair cut of the revenue sharing from Augusta. The state's lack of proper revenue sharing has caused some residents in Bar Harbor to become (at times) hostile towards tourism.

Currently, Bar Harbor is in the top 3, every year, in terms of taxable revenue collected for the state of Maine. However, every year we are embarrassingly shortchanged by the revenue sharing sent back to Bar Harbor. In 2022, we had over \$258 million in taxable revenue, but in 2023 we were #122 out of 486 municipalities in terms of revenue sharing, and that number was 115 out of 486 in 2024. I have been told by multiple state legislators, including those in this room, that the revenue sharing formula will never change. So, towns like Bar Harbor, up and down the coast, continue to drive revenue, but are short changed in terms of revenue sharing from the state, leaving all businesses and residents to make up for that inequity with increased property taxes.

If the state is going to continue to shortchange Bar Harbor and other similar towns, the answer is a Local Options Tax, which would help our towns immensely. 2% will not detract visitors from staying in our lodging properties, and will do good for all of our tax payers. Yes, of course, our local officials could be better stewards with the resources they have. While we can not go back in time, we can work on solutions moving us forward. Allowing communities to decide for themselves if this additional tax is the right way to move forward should be an easy yes for the state Legislature. Almost every other state has already permitted Local Options taxes, and the local communities are seeing significant tax relief for it. I moved here in 2020 from Tennessee, where this is implemented and very effective.

This legislation isn't perfect. I hope additional safe guards can be added to prevent abusing these funds for frivolous overspending, or allow it to be used as a weapons to limit tourism and hospitality. I also want to ensure all lodging, including short term rentals, are included with this local options tax. In the case of LD 632, limiting each town, by demanding the Local Options funds go only towards affordable housing, is mico management that would hinder each community unnecessarily. Let each community decide how best to spend these funds, since we all know our community best..

But, the only way businesses could be supportive of this bill is if any additional tax on lodging/hospitality/tourism is not passed. LD 632 is not the right answer, and I will be speaking against the 3% hotel tax, later today, for that very reason. A potential 3-5% (or more) increase (if both pieces of legislation are passed) will have a severely negative impact on tourism.

Thank you, Gary Friedmann, for your hard work on this bill. You and I have had our differences at times, but I am grateful for your efforts.

Tourism is not a problem in Vacationland, its the driving force of our economy, and is an asset to all Maine residents. We can help all Mainers by allowing municipalities to enact a Local options tax, giving some financial autonomy that each town deserves.

Thank you.."