



# MAINE MUNICIPAL ASSOCIATION SINCE 1936

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**Testimony of the Maine Municipal Association (MMA)**  
**In Support of**  
*LD 746, An Act to Authorize a Local Option Sales Tax on  
Short-term Lodging to Fund Municipalities and Affordable Housing*  
**&**  
**In Opposition to**  
*LD 632, An Act to Allow a Local Option Sales Tax on  
Short-term Lodging to Fund Affordable Housing*

March 12, 2025

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Senator Grohoski, Representative Cloutier and distinguished members of the Joint Standing Committee on Taxation, my name is Amanda Campbell, and I am submitting testimony in support of LD 746 and in opposition to LD 632 on behalf of the Maine Municipal Association's 70-member Legislative Policy Committee (LPC).

This session, the LPC proactively established a platform of bills intended to bolster and support the property taxpayers of Maine. Through initiatives across the legislative board, they are committed to protecting the interests of their residents and to reducing the burden of property taxes.

Both LD 746 and LD 632 aim to allow a local option sales tax with the intent to fund affordable housing through a distribution of a percentage of the tax revenue to Maine State Housing Authority (MSHA). While the percentages differ, at 10% and 15% respectively, those funds would be utilized by MSHA for subsidies and other programs to support the development and construction of affordable housing. The State Tax Assessor would also retain administrative costs for implementing the program. Municipal officials support these portions of both bills.

As is often the case, however, the devil is in the details and in this case is demonstrated right in the title of the bills. LD 632 refers only to funding for affordable housing and restricts the usage of the remaining funds to supporting a program for affordable housing or to supplement the community's general assistance budget for housing assistance. LD 746 places no restrictions on the usage of remaining funds.

These opt-in programs speak directly to the home rule authority afforded Maine municipalities. However, the restriction on the usage of funds that are generated within those communities, as proposed in LD 632,

is exactly the opposite of the flexibility and choice provided by home rule. Many smaller communities would benefit from increased revenues but have no capacity to develop an affordable housing program. Some communities wishing to opt-in could choose not to, because although the revenue could go a long way towards road maintenance, solid waste disposal or emergency services, the housing requirement is unattainable. Municipal budgets are tight and a prescriptive program limiting the usage of additional revenue is counterproductive. LD 746, however, offers municipal officials the opportunity to decide how best to utilize additional revenue.

Municipalities need options, not directives and toolboxes with a variety of tools, not just a select few. Communities also need to be trusted that they know what is best for their communities.

It is with these considerations in mind that the LPC urges the committee to vote ought not to pass on LD 632 and ought to pass on LD 746.

Thank you for the opportunity to speak with you and share the municipal perspective on this important topic. Please feel free to contact me or any member of the MMA Advocacy team with any questions related to municipal operations.