

March 12, 2025 Testimony in Support of LD 746

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

Thank you for the opportunity to speak with you today. My name is James Smith, and I serve as the Town Manager of Bar Harbor—a town that welcomes over 3.5 million visitors a year, while just 5,500 residents call it home.

Tourism is the backbone of our local economy, and we take pride in sharing our town, our coast, and our way of life with people from all over the world. But the reality is, the cost of supporting tourism is outpacing our ability to pay for it. The roads visitors drive on, the emergency services they rely on, the wastewater and water treatment facilities they use, and our public spaces all require funding—yet right now, local property taxpayers are the ones footing the bill.

We are reaching a breaking point. Property taxes continue to rise, and frustration within our community is growing. More and more, residents are asking:
"Why should we keep bearing the financial burden for an industry that doesn't contribute its fair share?"

This frustration is not unique to Bar Harbor. Towns across Maine are experiencing the same tensions. If we fail to act now, we risk a growing backlash against tourism itself.

We have worked hard to offset these costs. Bar Harbor's paid parking program has helped, but the reality is that it doesn't come close to covering the full cost of road maintenance, law enforcement, emergency response, and infrastructure wear-and-tear caused by millions of visitors each year.

LD 746 offers a practical, voter-driven solution. This is not a mandate—it's a tool. It allows municipalities, with local voter approval, to adopt a 2% local option sales tax on short-term lodging. It gives towns like Bar Harbor a way to manage the financial impacts of tourism without driving out year-round residents.

The key to municipal fiscal health is a diversified revenue portfolio—one that reduces an unhealthy overreliance on property taxes. LD 746 helps achieve that goal. It also ensures that 10% of the revenue goes to support affordable housing, because we all know that housing shortages and tourism pressures go hand in hand.

Maine must either modernize its revenue-sharing approach or give municipalities the tools to address their own economic realities. If we do nothing, frustration will only grow, and local policies may shift in ways that hurt tourism rather than sustain it.

LD 746 strikes the right balance—keeping Maine welcoming while ensuring that visitors contribute to the communities they enjoy.

The time to act is now. I urge you to support LD 746 and give Maine's communities the choice to invest in their own sustainability.

Thank you for your time, and I welcome any questions.