

Testimony of Linda Caprara
On Behalf of the Maine State Chamber of Commerce
In Opposition to L.D. 559, An Act to Provide Property Tax Stabilization for Older Maine
Residents Before the Joint Standing Committee on Taxation
March 19, 2025

Good morning, Sen. Grohoski, Rep. Cloutier and Members of the Joint Standing Committee on Taxation. My name is Linda Caprara I am the Vice President of Advocacy for the Maine State Chamber of Commerce. I am here today to testify in opposition to **L.D. 559, An Act to Provide Property Tax Stabilization for Older Maine Residents**

L.D. 559 would authorize a municipality to impose a local option sales tax of 1% on prepared foods, rental of living quarters in any hotel, rooming house or tourist or trailer camp, if approved by the voters in that municipality, to fund property tax relief for Maine seniors. While the intent behind this legislation is commendable, we have issue with the proposed mechanism for funding this initiative through a local option sales tax.

Basing property tax stabilization on a local option sales tax would be problematic for a number of reasons. One municipality may not raise the same as another, creating inequality depending on where the homestead is. In addition, there are always issues of seasonal fluctuations in tourism, economic downturns, unexpected issues such as tariffs or natural disasters which all have an impact on anticipated revenues. Also, there would be an administrative burden on municipalities who would have to dedicate more resources to tracking, collecting, and distributing the tax revenue appropriately.

Rather than imposing a local option sales tax, alternative funding solutions should be explored, such as expanding state-funded property tax relief programs like the homestead exemption or targeted tax credits for low-income senior homeowners. These measures would ensure stability and fairness without disproportionately impacting businesses and consumers.

This bill, like many we have seen before this legislature attempts to tackle a problem by funding it through more taxes. This year alone, we have seen an increasing number of bills that would give municipalities the potential authority to impose local options sales taxes to fund all sorts of things such as education, affordable housing, property tax relief, the list goes on and on. But what these bills don't consider is the potential economic impact *more taxes* will have on local small businesses that are already struggling to survive, particularly when they compete with online retail and globally. Municipalities need to focus on spending efficiencies and not just

continually raising taxes on Maine businesses and Maine people. Local option taxes are also discriminatory, targeting certain sectors of the business community such as retail or lodging from which these taxes are raised. Maine's economy is heavily dependent on tourism. Increasing the tax burden on tourists could make the state a less competitive, less attractive destination.

Ultimately, enacting a local option sales tax increases the total tax burden in the state, where our tax burden is already high enough. Simply put, local option sales taxes regardless of what they are imposed upon are nothing more than another layer of taxation at the local level would do nothing to reduce taxes at the local level. Again, spending needs to be considered as well.

Again, we urge the Committee to vote No on L.D. 559. I would be happy to answer any questions.