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THE MAINE SENATE
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Joint Standing Committee on Taxation
LD 908, An Act to Eliminate the Sales Tax on Prepared Foods and Support
the State's Hospitality Industry
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Good afternoon, Senator Grohoski, Representative Cloutier, and honorable members of the Joint Standing Committee on Taxation. I am Joe Martin and I proudly represent the citizens of Senate District 19, which includes much of Northern Oxford County and communities in Franklin County. I am here to present LD 908, "An Act to Eliminate the Sales Tax on Prepared Foods and Support the State's Hospitality Industry."

When people consider where to take family vacations, they look where they can get the most bang for their buck while having a memorable and fun experience. Given the spectacular environment, Maine is a desirable spot for vacation. While traveling, options to prepare food at home are limited so many families eat out for each meal of the day. Frequent restaurant visits quickly add up. Removing the 8% sales tax would make a huge difference in someone's travel budget.

Tourism in Maine is already a \$9 billion industry. Imagine how that could be boosted if even more people decided to bring their families and friends to our state for their vacation. If Maine decides to eliminate the sales tax on prepared foods, and advertises this change effectively, the growth in tourism could be explosive.

On top of the boost to tourism, LD 908 will support lower and middle class families take advantage of the great eating experiences available in our state by making it more accessible to Mainers on a budget. By reducing taxes on restaurants and food services will help stimulate the local economy, particularly benefiting small businesses that rely on consumer spending.

In contrast, luxury items, by definition, are not essential goods, and they tend to be disproportionately consumed by higher-income households. By increasing taxes on luxury items like expensive jewelry, high-end electronics, and elective medical procedures, the tax burden will be shifted more toward those who can afford to pay more without significantly affecting the broader population.

Lower-income and middle-class individuals spend a larger proportion of their income on basic needs like food, shelter, and transportation, while luxury goods are typically purchased by wealthier individuals. People who purchase expensive high-end items have more income at their disposal and can pay these higher taxes without experiencing the same level of financial strain as middle- or low-income families.

Thank you for your consideration of this proposal. I would be happy to take any questions.