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Testimony of Nate Cloutier

Before the Joint Standing Committee on Transportation
May 6, 2025

In Opposition to LD 1809, "An Act to Further Stabilize Highway Fund Revenue"

Senator Nangle, Representative Crafts, and distinguished members of the Joint Standing Committee on Transportation, my name is Nate Cloutier, and I am here today on behalf of HospitalityMaine, representing Maine's restaurant and lodging industries. I am also testifying on behalf of the Maine Tourism Association (MTA). MTA has been promoting Maine and supporting tourism-related businesses—from lodging and dining to camps, retail, guides, amusements, and historic attractions—for over 100 years.

HospitalityMaine and the Maine Tourism Association oppose LD 1809, "An Act to Further Stabilize Highway Fund Revenue."

The bill proposes three new taxes:

- A $1 charge on non-Maine registered passenger vehicles using the Maine Turnpike;
- An annual registration fee of $200 for battery electric vehicles and $100 for plug-in hybrids; and
- A 50-cent tax on retail deliveries in Maine for sales of $100 or more.

Our focus today is on the proposed delivery tax.

Delivery taxes are broadly harmful. They increase costs for consumers, create challenges for small businesses, and reduce opportunities for workers. They are also regressive—disproportionately impacting Mainers who can least afford it. For a rural and aging state like ours, where many residents rely on deliveries out of necessity, this proposal moves in the wrong direction.

From a business perspective, the impacts are just as concerning. Many small, locally owned businesses depend on deliveries, whether managing their own fleet or partnering with third-party platforms to reach customers. Adding a delivery tax could reduce order volume and directly affect business revenue and the drivers and workers who rely on those orders for income. Fewer orders mean fewer shifts and fewer opportunities.

It's also important to note that Maine would be an outlier. States like Louisiana, Nebraska, and Maryland rejected similar delivery tax proposals last year.

In 2025, states including Hawaii, Indiana, and Mississippi have done the same. While several legislatures have looked into it, we understand that none have moved forward with such a proposal this year.

You've likely seen the headlines about restaurant closures across the state. Margins in this industry are incredibly thin—3 to 5 percent, on average. A new tax like this could tip the balance for many businesses already operating on the edge. Some may be forced to drop delivery altogether, cutting off a critical revenue stream and shrinking access for their customers.

And it's not just restaurants. For many Mainers, especially those with limited income, mobility challenges, or who live far from town, delivery is not a convenience, it's a necessity. Taxing it makes it harder to access essentials and could put added strain on already stretched household budgets.

Also consider the broader economic context: with ongoing volatility in tariffs, uncertainty around the upcoming tourism season, and projections that we'll see hundreds of thousands fewer Canadian visitors this year, now is not the time to add more burdens on businesses that power Maine's tourism economy. These businesses are essential to the state's overall economic success.

Delivery services play a vital role in keeping small, independent businesses afloat—especially the mom-and-pop restaurants I work with every day. We should be doing everything we can to support them, not make it harder for them to succeed.

For these reasons, we urge you to oppose LD 1809.

Thank you for your time and attention. I would be happy to answer any questions.