



**Alison Sucus, Chief Operating Officer & Director of Government Affairs
On Behalf of the Maine Tourism Association**

In Opposition to

***LD 1298 An Act to Allow a Local Option Sales Tax on Short-term Lodging to
Fund Affordable Housing***

February 13, 2024

Senator Grohoski, Representative Perry, and Members of the Joint Standing Committee on Taxation:

My name is Alison Sucus, and I am the Chief Operating Officer and Director of Government Affairs for the Maine Tourism Association. MTA is the state's largest advocate for all tourism-related businesses. I present this testimony in opposition to LD 1298 which would allow municipalities to enact through a referendum an additional 1% local option tax on all lodging subject to the 9% lodging tax—hotels, inns, campgrounds, B&Bs, and camps and cottages.

We have great concerns about allowing this local option tax on lodging. Maine already has a sizeable lodging tax at 9%. Only five states have a state lodging tax of 10% or greater: CT-15%, HI-14.25%, RI-12%, MI-12%, NJ-11.6%. New Hampshire, our neighbor and tourism competitor, has a 9% lodging tax and no sales tax to offer its visitors. New taxes will hurt our Maine employers, their employees, and our overall competitiveness for visitors.

While affordable housing is certainly a problem in many areas of the state, we don't believe an additional lodging tax is the best solution. MTA cannot support providing more funds to towns on the backs of a tourism industry that has suffered greatly over the past several years from the pandemic to our recent storms. A recent poll of our members showed that 43% said this winter was worse for business than last winter (only 2% said it was better) and 64% said their business sustained damage from the storms.

While it is likely true that the average visitor doesn't study state lodging taxes when making their vacation decisions, it is true that the overall cost of lodging and transportation to a vacation destination impacts their spending habits once in the location. As the cost of simply driving and staying overnight in Maine increases, visitors will decrease what they spend in other businesses.

That is, they will spend less in our shops, take part in fewer recreational activities, skip going to a museum or the theater, and spend less while dining out. Further, those booking group tours and business trips do consider taxes and overall expense when making travel decisions. If Maine wants to keep its market share for these types of travel and increase it, we must remain competitive.

Tourism is a tremendous contributor to the Maine economy as evidenced by this 2022 data from the Maine Office of Tourism:

- Total economic impact of tourism in Maine - \$15.8 billion
- Tourism supported 151,000 Maine jobs
- Every 102 visitors support a new job in Maine
- Direct tourism expenditures - \$8.6 billion
- Without tourism, Maine households would have paid \$2,172 more in state and local taxes

Tourism benefits all Mainers, not just those in tourism jobs. There are thousands of ancillary businesses that benefit from a strong tourism economy such as contracting, landscaping, farming, fishing, florists, wineries, and breweries.

We believe allowing this local option tax will hurt Maine residents, visitors, Maine workers, and Maine employers who rely on tourism. I respectfully ask that you vote against LD 1298. Thank you for your consideration.