

Good Afternoon Sen. Dow, Rep. Tipping and members of the Joint Standing Committee on Taxation. My name is Linda Caprara I am a resident of Winthrop and the Senior Government Relations Specialist for the Maine State Chamber of Commerce.

We are here to oppose all three local option tax bills, L.D. 1230, "An Act to Allow a Local Option Sales Tax on Meals and Lodging," L.D. 1265, An Act to Allow the Creation of Local Option Sales Tax by Referendum, L.D. 594, "An Act to Allow the Creation of a Local Option Sales Tax by Referendum", and L.D. 1522, "An Act to Authorize a Local Option Sales Tax."

L.D. 1230 would allow the municipality to impose a local option sales tax up to 1% on meals and lodging. L.D. 1522 would allow a municipality to impose a local option sales tax by referendum at any given rate. L.D. 1265 would allow a municipality to impose a local option sales tax of up to 1% by referendum. While all three bills approach the issue of imposing local option taxes differently, the issue remains the same. The MSCC has long opposed local option sales taxes for a variety of reasons.

**Enacting a local option sales tax increases the total tax burden in the state.**

- This bill adds another layer of sales tax to items purchased in municipalities that enact it.
- Local option taxes are nothing more than another way to raise revenue for municipalities and would do nothing to reduce taxes at the local level. After all, any time a municipality needs a new fire truck, a new school or any new budget item they could simply impose the tax. Municipalities need to focus on spending efficiencies not just continually raising taxes on Maine businesses and Maine people.

**Local option sales taxes hurt small brick and mortar businesses.**

- Many folks buy local to support small brick and mortar businesses in their municipalities. Local businesses located in one locale compete with local businesses in another. Businesses located in towns that enact a local option sales tax will be at a competitive disadvantage with businesses in municipalities that do not enact a local option sales tax. It will pit one community against another. ***Local brick and mortar retail businesses will never be able to compete in that high taxed environment.*** The tax will hit their bottom line and they will not be able to pass the expense on to the consumer and ultimately lose sales to neighboring towns who don't have local option sales tax

**Local option sales taxes impact local economic development efforts.**

Municipalities around the state work hard to try to attract businesses to their locales, many hire economic development directors to do just that. This will do nothing to attract businesses but discourage businesses from locating in towns that have additional taxes. This bill will make towns that imposes sales taxes less attractive to locate to. Once local option taxes are in place they would be virtually impossible to remove because that municipality would become dependent on the revenue.

We need to keep our businesses competitive and try to grow our economy. This bill does not achieve that and puts Maine businesses at risk of being uncompetitive.

I urge you to vote No on L.D.'s 1230, 1522 and 1265.