

**Summary of Testimony
Concept Draft Version of LD 1496**

Support

American Cancer Society, Cancer Action Network

- Strong support for the tobacco proposals as an avenue for reducing consumption.

American Heart Association

- Proposal will not only raise roughly \$60 million annually, but chip away at astronomical health care costs associated with preventable diseases, lost workplace productivity due to increased illnesses, and lives cut short.

City of Saco, Mayor Mark Johnston

- Considering the governor's proposal to shift the burdens of state government onto the property taxpayers, the city supports broadening the sales tax base as proposed.

City of Sanford, Councilor Bradford Littlefield

- Comprehensive reform that aligns with Maine's current economy and business mix.

Lovell, Marston, MMA Vice President, LPC Chair & Saco Councilor

- Establishes a tax code that encourages residency and reflects the economy.
- Encourages a comprehensive approach to restructuring the tax system.
- Focuses on the restoration of sustainable property tax relief.
- Creates a greater level of equal treatment by broadening the sales tax base.

Maine Municipal Association

- Supportive of this effort but encourage more municipal input as the bill is developed.
- Homestead exemption will result in a property tax rate increase and shifts among taxpayers. Uncertain if income tax relief will offset the property tax increases.
- Addresses the imbalance between property and sales but might create an imbalance in income taxes.
- Strong support for the sales tax base expansion, but not into the area of basic necessities.

National Association of Social Workers

- Increases meals and lodging taxes, which are paid by people who can travel and eat out.
- Keeps people in their homes by increasing the homestead exemption.

Rep. Knight, Gary (Livermore Falls)

- Current tax code is antiquated and inadequate for the existing economy.
- Treat taxes like a three-legged stool, with each leg approximately the same length.

- All recognize that it is not perfect, but it reflects bipartisan principles.

Rep. Gideon, Sara (Freeport)

- Pays for itself; puts money in the pockets of Mainers and encourages economic growth.

Town of Alfred, Selectperson John Sylvester

- Good job of mitigating Maine's overreliance on residential property taxes.

Sen. Katz, Roger (Kennebec County)

- Lowers painfully high income and property taxes by exporting burdens to nonresidents.

Opposition

American Academy of Otolaryngology – Head and Neck Surgery

- Tax on elective cosmetic procedures duplicates failed policies adopted in NJ.
- Violates patient privacy and sends patients outside the state for procedures.

American Car Rental Association

- Oppose increase from 10 to 15% tax on auto rentals.

American Institute of Architects, Maine Chapter

- Taxing professional services creates an out-of-state advantage.
- Creates a pyramiding impact on business-to-business purchases, as design services include sub-consults with specialists.

American Medical Association

- Tax on elective cosmetic procedures is administratively burdensome and erodes patient confidentiality.

American Society of Dermatologic Surgery Association

- Tax on cosmetic medical procedures invades patient privacy and difficult to administer.

American Society of Plastic Surgeons

- Taxing elective medical procedures is a slippery slope. What's next...knee replacements?

Anheuser-Busch

- Increase in the excise tax on beer sales is not a step in the right direction, as taxes already account for 46% of the cost of a beer. Most expensive ingredient in beer.

Coin Laundry Association

- Sales tax on self-service laundry hurts working families, seniors, and students who cannot afford washers and dryers.

DiMillo, Albert, Retired Corporate Tax Director & CPA

- Supports the unsupported economic theory that tax cuts for the rich and corporations paid for by tax increases on low-and-middle income taxpayers is good economic policy.

Distilled Spirits Council of the United States

- Higher taxes and prices drive people to shop where prices are lower or reduce their consumption for more expensive products and services.

Enterprise Rent a Car

- Tax increase targets tourists and is just plain idiotic and considering that 60% of our auto rentals were made by residents is it a shift to our own.

Family & Friends Campground

- Separating meals and lodging tax creates increased administrative burdens.

Front Street Shipyard

- Sales tax increases will adversely impact our non-resident customer base.

Ginn-Marin, Jean, Innkeeper & Vice President of the Maine Innkeepers' Association

- Shifts problems with the income tax onto the sales tax, which creates new problems.
- Unfair to the hospitality industry.

Kitchen, James, Hampton Inn & Suites General Manager

- Meals and lodging tax rate will put Maine at a competitive disadvantage.

Maine Association for Nonprofits

- New tax on nonprofit property owners and reduction in charitable giving deductions will shift burdens onto nonprofit organizations.

Maine Association of Realtors

- Several negative impacts on the sale or purchase of real estate, including the proposals to increase closing costs on residential property.
- Shifts burdens among classes of property via an increased homestead exemption.

Maine Bar Association

- Imposes a sales tax on the provision of legal services.

Maine Beer & Wine Distributors Association

- Support the income tax cut but oppose the increases to beer and wine excise taxes.
- Coupled with the increases in sales tax, these changes are devastating.

Maine Campground Owners Association

- Increase in lodging tax. Maine is one of only two states that tax campsite rentals.

Maine Education Association

- Nothing in the proposal helps schools. Increased homestead exemption will not increase willingness to raise property taxes for schools.
- Regressive nature of the sales tax expansion on many school employees, such as bus drivers, kitchen workers, janitors and ed techs.

Maine Grocers Association

- Oppose raising revenues by taxing groceries, doubling the beer and wine excise taxes and imposing tax increases on tobacco products.

Maine Hospital Association

- Hospitals: (1) fulfill their charitable missions every day; (2) cannot operate at a loss; (3) preserve healthcare access for Maine's neediest; and (4) pay state taxes.
- It is state policies that hurt municipalities, not hospitals.

Maine Independent College Association

- Private educational institutions: (1) provide general benefit to all of society; (2) are a major industry in many communities; (3) provide numerous cultural, education and athletic resources that otherwise might not be available to a community; (4) provide services that government would need to provide if those services did not exist; and (5) places Maine institutions at a competitive disadvantage with other states.

Maine Innkeepers' Association

- 3% increase on lodging tax is a big issue.
- Decoupling meals and lodging tax creates hardship for small operators.
- Increased homestead exemption shifts burden onto commercial properties.

Maine Marine Trades Association

- Need to learn from the ill-conceived federal attempt to implement luxury taxes.

Maine Medical Association

- Elective surgery taxes discriminate against women and taxes the middle-class.
- Invites Maine Revenue Services into the exam room, violates patient privacy.
- Physicians should determine medical necessity, not the government.
- Hinders physician retention and recruitment efforts.

Maine People's Alliance

- The proposal revenue-positive/budget-neutral plan leaves nothing to fund other priorities.
- Income tax breaks will disproportionately benefit the wealthy.

- Homestead exemption increase impacts small businesses.
- Broadening the sales tax base impacts residents, instead of shifting burden to visitors via higher meals and lodging taxes.

Maine Professional Guides Association

- Increase administrative costs for tracking, collecting and remitting the revenue.

Maine Restaurant Association

- Support the income tax reductions but a sales tax on groceries and fuel is a non-starter.
- Doubling the already high excise tax on beer and wine will drive sales in NH.
- 10% lodging tax would make Maine noncompetitive with its neighbors.

Maine State Chamber of Commerce

- Lack of specificity in the concept draft.

Maine Tourism Association

- Oppose the tax increase on food and lodging. Price does matter to the consumer.
- If more is spent on additional taxes, less will be spent in restaurants, stores, museums and other venues.

Miller Coors

- This is a hidden tax that takes little political courage to increase and costs the consumer way more than the state receives in revenue.

National Federation of Independent Business

- Raising homestead exemption shifts additional burdens onto business property.
- Increases in sales and excise taxes increase costs for residents and businesses.
- Revenue neutral approach shifts burden without producing overall tax relief.

New England Convenience Store Association

- Important contributors to the state's economy.
- Losses would become more pronounced given that tobacco purchases are often bundled with other items, such as food and beverages.

Northern Woods

- Can't increase meals and lodging taxes because guests look at the bottom line of their bill, taxes included, when making travel reservations.

PDT Architects

- Taxing profession services will put businesses at a competitive disadvantage.

Rep. Thomas, Doug (Ripley)

- Sending additional revenue sharing to towns with above average mil rates will not lower property taxes.

Ski Maine

- Sales tax expansion would impact many industry-related sales, such as lift tickets, lessons, rentals and tours, which would impact Maine skiers.
- Nonresident skiers would also face increases in meals, lodging and groceries.

Swisher International

- 49 states tax smokeless tobacco but not one uses the equalization method.

The Musician's 1st Choice

- Enforce the current sales tax rate on internet sales, rather than increasing the rate.

The Nature Conservancy

- Reducing exemption value to 75% for value of property that exceeds \$250,000.
- Repeal of the estate tax and charitable giving deduction.

Time Warner Cable

- Adds a tax to the basic level of cable TV, which is the lowest tier of service and often the only choice for consumers on a fixed income to receive local news, weather and information on current events.

Tyler, Winters, Businessowner

- Increase in cigarette tax is ridiculous.
- Doubling the tax on beer and wine does nothing but hurt small businesses.
- Tax increases in this economy do not make sense.

U.S. Green Building Council, Maine Chapter

- Organization relies heavily on donations received from both businesses and individuals who can claim deductions for those donations.
- Expanding the sales tax will impact the services our members provide, including architectural and engineering.

Wine Institute

- Harms responsible Maine citizens who choose to order wine in a restaurant or buy a bottle sold at a local retailer by significantly increasing the price of wine.
- Scores of medical research reports show that moderate wine consumption reduces the risk of coronary diseases and is healthful.

YMCA Camp of Maine

- Establishing a service tax on tuition and a tax on meals creates hardships.
- Camp is property rich and cash poor and cannot afford the reduce exemption.

Neither For Nor Against

American Council of Engineering Companies of Maine

- The lack of specific language makes it difficult to establish a position, however oppose the taxation of professional services.
- Puts Maine companies at a competitive disadvantage, the tax is difficult to administer and collect, and engineering services are required to meet specific legal requirements.

Androscoggin County Chamber of Commerce

- Concerns with complexity and wisdom of the state tax fairness credit.
- Not convinced that taxing sales of food and fuel is appropriate.
- Worry about the impacts of eliminated tax deductions for charitable contributions.

Maine Center for Economic Policy

- Income tax cuts jeopardize the ability to pay for education, health care and public safety.
- The tax system is already regressive. The richest Mainers pay less than 10 cent of every dollar in state and local states, while the poorest 20% pay 17 cents on every dollar.
- States that cut personal income tax in the 1990s had slower income growth rates.
- Cutting the income tax will not keep wealthy residents from moving out-of-state.
- Not all property owners need the same level of relief.
- Increasing rates on meals, lodging and rental cars is a better way to export burdens than expanding the sales tax base, especially a tax on basic necessities.

Maine Youth Camp Association

- Sales tax on amusements would have a detrimental impact on youth camps, which are a valuable part of Maines heritage, human resources, and economy.
- Every dollar paid in taxes, is a dollar less to invest in youth.

Retail Association of Maine

- Lack of details leads to several questions around implementation and impact.

The Friends of the Fund for a Healthy Maine

- Support the cigarette tax increase but use revenues to restore the Fund for a Healthy Maine.

The Maine State Employees Association – Service Employees International Union Local 1989

- Support reduction in the income tax rate, homestead exemption increase, and the exportation of meals, lodging and auto rental taxes.
- However, it does not provide addition revenue to fund education and infrastructure needs.