



**Submitted Written Testimony
Joint Committee on Taxation
January 16, 2024**

Senator Grohoski, Representative Perry, and Members of the Committee, thank you for the opportunity to submit written testimony in **support** of L.D. 2000.

United Rentals has a significant presence in Maine operating 4 rental locations throughout the state. In addition, we have almost 100 employees and a substantial rental fleet investment supporting construction, industrial, agricultural and governmental customers in the state.

L.D. 2000 creates consistency by bringing Maine in line with the other 45 states that impose a state sales tax (with the exception of Illinois). Currently, Maine is an outlier with regard to how sales tax applies to rentals of most tangible personal property. While every other state allows lessors to purchase rental fleet exempt for resale, Maine requires lessors to pay sales or use tax up front when they purchase rental fleet in Maine or transfer rental fleet into Maine from another state. This unique treatment creates confusion among taxpayers and fosters an environment of noncompliance.

L.D. 2000 promotes equity among similarly-situated Maine taxpayers. Under current law, Maine retailers can buy inventory without paying sales or use tax. In turn, they collect sales tax from their customers on the final sale. However, as noted above and with few exceptions, Maine retailers in the rental industry must pay sales or use tax when they purchase rental inventory or transfer rental inventory into Maine. In turn, the rental stream is not subject to sales tax. No other state with a sales tax, with the exception of Illinois, has this inconsistent treatment of inventory. L.D. 2000 alleviates this inconsistency by including retail leases or rentals in the definition of retail sales on which the Maine sales tax is imposed. Accordingly, a retailer who rents personal property will be treated the same way as a retailer who sells personal property. To advance this equity, the bill also includes a refund opportunity for use tax paid on the purchase or transfer of rental fleet into the state prior. The refund has a three-year lookback and is limited to the amount of sales tax collected on the rental stream of qualifying rental or lease property.

Lastly, L.D. 2000 promotes the principles of sound tax policy by taxing economic activity rather than business inputs. Under current law, the Maine rental industry is at a competitive disadvantage –rental businesses have the choice to either pass the increased cost of purchasing rental fleet to customers or reduce economic presence in the state in order to remain competitive with businesses not subject to this tax treatment. Taxing the rental stream, rather than the initial investment, ensures a fairer distribution of the tax burden by imposing sales tax at the point of consumption.

I appreciate your consideration of this impactful legislation and respectfully request that you issue a favorable report to this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Emily Granzen".

Emily Granzen
Director, Indirect Tax
United Rentals