



AGC MAINE

THE CONSTRUCTION ASSOCIATION

Testimony of Meredith McLaughlin in Support of LD 2000
“An Act to Change the Taxation of Rental Tangible Personal Property to Make It Consistent with the Predominant Method in Other States' Rental Industry Laws for Sales and Use Tax”
Joint Committee on Taxation
January 16, 2024

Senator Grohoski, Representative Perry, and distinguished members of the Joint Standing Committee on Taxation my name is Meredith McLaughlin, I am a Senior Associate at Cornerstone Government Affairs, and here today to speak on behalf of my client The Associated General Contractors of Maine. AGC Maine is a statewide commercial construction trade association and a Chapter of AGC America which was founded in 1918 with 27,000 contractors, suppliers, and service providers.

AGC Maine worked with proponents of the bill to ensure that the language was intended for the sales and use tax of Maine’s code. As a commercial construction trade association, AGC has members who provide rental services and many who utilize the service. As we understand the bill, this will introduce conformity within the industry delivering a standard approach in the marketplace.

It was imperative that the bill allowed for a limited refund opportunity before the effective date. That will ease the transition from the current practice within the code, understanding that equipment will be exempt when it is brought into the market and applied to the use tax as companies lease equipment. It was clarified during stakeholder meetings that this will not create a new personal property tax as it is confined to the sales and use tax code.

AGC Maine discussed the bill with construction firms to ensure it did not create a new or unforeseen liability and as indicated in the bill summary, it was generally seen as conforming with the standard in most states. AGC also consulted with firms who might have a separate entity whose primary purpose is managing their fleet which can also be classified when applicable as rental equipment with or without an operator.

Our client is interested in the fiscal note generated by this bill and believes it is important to maintain the rebate for the three prior years. I want to thank the bill sponsor Representative Terry, and members of the Maine Rental Association for eliciting the feedback of AGC Maine. I am happy to answer any questions and thank you for considering my testimony in support of this bill.