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May 8, 2025

***Testimony of Rep. Charles Skold presenting***

**LD 1807 - An Act to Expand the Sales Tax to Luxury Services and Adjust the Sales Tax on Rental Cars**

***Before the Joint Standing Committee on Taxation***

Senator Grohoski, Representative Cloutier, and esteemed members of the Joint Standing Committee on Taxation, my name is Charles Skold, and I represent House District 119, which includes parts of Portland. I'm proud to present LD 1807, "An Act to Expand the Sales Tax to Luxury Services and Adjust the Sales Tax on Rental Cars."

This bill is centered around the ideas of fairness and modernization in our tax code. It speaks to the reality of how our state is becoming more and more a service-based economy, which is something our tax code could do a better job of reflecting. It also speaks to the reality that public costs driven in part by out of state visitors are being disproportionately paid for by year-round residents, which is something that can also be adjusted through targeted taxation.

In addition to making steps to modernize our tax code to reflect current reality, this bill advances fairness for everyday Mainers. Let's have a discussion about fairness for how visitors to our state contribute to our tax base, and fairness for how the most wealthy among us can contribute their fair share as well.

The first part of LD 1807 proposes taxing a small number of luxury services—things like private jet charters and yacht rentals. These are not everyday services used by most Mainers. They are high-cost, discretionary luxury services

overwhelmingly used by the wealthiest among us. And yet, under current law, they are exempt from taxation.

This raises a fundamental question of fairness. Maine families pay sales tax on basic household items and necessities, but these exclusive services—accessible only to the most affluent—go untaxed. LD 1807 begins to correct that imbalance. It's a small but meaningful step to ensure that those with greater financial means contribute more fairly to the systems that benefit us all. And as Maine continues to transition into a more service-based economy, we need a tax code that reflects that shift—and one that acknowledges the high-end luxury services that are offered and consumed here in our state.

The second provision of the bill adjusts the tax rate on short-term automobile rentals, a market that's heavily driven by tourism. The intent here is not about taxing everyday transportation for Mainers—it's about recognizing that visitors who rent cars in Maine are benefiting from our roads, emergency services, and tourism infrastructure, and should therefore be contributing more directly to the public resources that make those experiences possible.

This is aligned with broader conversations underway this session about how we balance the needs of year-round residents with the pressures of a strong visitor economy. I encourage the committee to look at our car rental tax, which many tourism-dependent states use as a way to more equitably distribute responsibility for our tax base and public services.

Together, these provisions begin to align Maine's tax code with the realities of today's economy—where services dominate and public costs are often borne disproportionately by year-round residents. This bill isn't a sweeping reform—but it opens the door to a much-needed conversation about fairness and modernization.

Thank you to the Committee for your thoughtful consideration and for engaging in this important conversation. I respectfully urge your support for LD 1807.

Rep. Charles A. Skold  
District 119