



May 4, 2025

Chair Nicole Grohoski  
Joint Committee on Taxation  
Maine Legislature  
2 State House Station  
Augusta, Maine 04333-0002

Chair Kristen Cloutier  
Joint Committee on Taxation  
Maine Legislature  
2 State House Station  
Augusta, Maine 04333-0002

***RE: Oppose LD 1807 – Highest State Rental Car Tax Rate in the Country***

Dear Chairs Grohoski and Cloutier, and Members of the Joint Committee on Taxation:

On behalf of the members of the American Car Rental Association (ACRA),<sup>1</sup> I write to strongly **oppose LD1807**, legislation that would increase the tax rate on short-term automobile rentals in Maine from 10% to 15%—the highest such state tax rate in the country.

While the bill intends to target luxury services, in practice, this provision would disproportionately burden working families, small businesses, and insurance customers who rely on rental cars when their personal vehicles are being repaired or replaced. Rental cars are not a luxury item for most users—they are an essential mode of transportation, especially in a rural state like Maine where public transit options are limited.

Moreover, this proposed tax hike could negatively impact Maine’s tourism industry. Visitors often rely on rental vehicles to explore the state, and a 15% tax would add significant costs to their travel. This not only affects car rental companies, but also local businesses, restaurants, and attractions that depend on visitor spending.

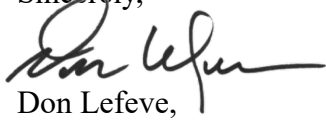
LD 1807 would make Maine a national outlier, placing it as the top of the list compared to peer states when it comes to state rental car tax rates. Furthermore, visitors may choose to fly into and rent a car from neighboring states, who have lower rates, to avoid this tax in its entirety. ACRA urges the Committee to consider the unintended economic consequences of this measure on residents, visitors, and businesses alike.

Thank you for your consideration, and please do not hesitate to contact me should you have questions or wish to discuss this further.

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<sup>1</sup> ACRA is the national trade association representing the U.S. car rental industry, with over 300 members, including major brands like Alamo, Avis, Budget, Dollar, Enterprise, Hertz, National, Sixt, and Thrifty as well as independent, regional, and franchise operators. Its members collectively manage more than 2.1 million vehicles nationwide, with fleets ranging from 10 to 1 million cars, and employ over 160,000 workers across nearly every county, including many in Maine.

Sincerely,

A handwritten signature in black ink, appearing to read "Don Lefevé", with a long horizontal flourish extending to the right.

Don Lefevé,  
Executive Director