

Testimony of Edward Noonan, United Rentals

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

Committee on Taxation

January 16, 2024

Good afternoon Chair Grohoski, Chair Perry, and members of the Taxation Committee.

My name is Ed Noonan, and I am with United Rentals. We are a large equipment rental company with four locations in Maine, employing close to 100 highly valued associates. We primarily serve customers in construction, industrial, agricultural, and governmental sectors. On behalf of my company, I am here today speaking in support of LD 2000.

Today, for sales tax, retailers in Maine are not treated the same. Retailers that purchase tangible personal property that they intend to rent or lease are not provided the same treatment as other retailers that purchase the same tangible personal property for the primary purpose of offering it for sale. This bill remedies that inequity.

Because there is a divergence in how retailers are treated, there is a strong possibility that many retailers are not following the law correctly. Not for nefarious reasons, but because they simply may not know. Again, LD 2000 fixes this and puts everyone under the same umbrella, and this should lead to better compliance.

This bill puts Maine on equal footing with all other states (except IL) that impose a sales tax. Providing a sale for resale exemption to leasing and rental retailers purchasing business inputs and instead imposing the sales tax on the end consumption follows sound tax policy by taxing economic activity as it occurs and where it occurs.

I also want to note that LD 2000 includes a credit mechanism that allows a 3-year lookback to allow for a refund of the use tax that was paid on any tangible personal property that is leased or rented during a 3-year transition period that starts on the effective date of the legislation. This is needed to avoid any potential double taxation.

LD 2000 is the result of many stakeholders including the rental industry, leasing industry, trucking industry, Maine Revenue Services, and other business associations providing important input and feedback. We are aware of some proposed amendments from stakeholders and wanted to share that we are in full support of them.

I urge your support in voting this important piece of legislation out of your committee at the appropriate time, and I am happy to answer any questions.