

February 20, 2024

Sen. Nicole Grohoski  
Rep. Joseph Perry  
Joint Standing Committee on Taxation  
State House, Room 126  
Augusta, ME 04333

**RE: Testimony on Behalf of United Rentals in Opposition to LD 2198, An Act to Remove the Exemption from Sales and Use Tax for Automobiles Purchased for Use as Rentals**

Sen. Grohoski, Rep. Perry, and Members of the Joint Standing Committee on Taxation:

My name is Daniel Walker, and I represent United Rentals, testifying in opposition to LD 2198, An Act to Remove the Exemption from Sales and Use Tax for Automobiles Purchased for Use as Rentals.

UR has a significant presence in Maine operating 4 rental locations throughout the state. In addition, UR has almost 100 employees and a substantial rental fleet investment supporting construction, industrial, agricultural and governmental customers in the state. This bill would pull in UR, as it does from time to time rent light trucks, pick-ups, and vans for less than one year.

Current law provides an exemption for the purchase of an automobile that will be used for rental of a period less than one year. The reason the exemption is in place is due to the fact that the rental company is required to charge and collect a 10% sales tax on all short-term rentals of automobiles (less than one year).

If the bill as currently written passes, then the rental companies, will be subject to a use tax when they purchase the vehicle and then on top of that, the customer will continue to pay a 10% sales tax on the short term rental. For the rental industry, this would result in double taxation.

Our first recommendation is for the Committee to oppose this bill. But, if the Committee wants to pass something, we would recommend two options to address the negative aspects of outright repealing section (3) and not adding new language clarifying that the use tax would not be due if the vehicle being purchased by the rental company would be subject to the 10% sales tax on the short term rental transactions:

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**Option 1**

Do not repeal Section 3. Add red text to current Section 3.

N. "Retail sale" does not include:

(3) The sale, to a person engaged in the business of renting automobiles, of automobiles, integral parts of automobiles or accessories to automobiles, for rental or for use in an automobile rented for a period of less than one year if sales tax is imposed on the rental of such automobiles by 36 M.R.S. § 1811.

**Option 2**

Repeal current Section 3. Add new section:

N. "Retail sale" does not include:

(3-B) The sale, to a retailer not primarily engaged in the business of renting automobiles, of automobiles, or integral parts of automobiles or accessories to automobiles, for rental or for use in an automobile rented for a period of less than one year.

Thank you for your consideration.

Sincerely,

Daniel W. Walker

DWW: