



Maine People's Alliance

Senator Grohoski, Representative Perry, and Honorable Members of the Joint Committee on Taxation: My name is Adam Zuckerman and I am the Lobbyist for the Maine People's Alliance.

MPA is Maine's largest community action organization with over 32,000 members across the state. Our mission is to create a world where everyone has what they need, contributes what they can, and no one is left behind.

We are proud to testify in favor of the House Speaker's **LD 2198 An Act to Remove the Exemption from Sales and Use Tax for Automobiles Purchased as Rentals.**

All of us who own cars paid taxes when we bought our vehicles. We also pay taxes when we buy auto parts. However, rental car companies do not.

Additionally, most businesses pay sales tax on purchases that they use to operate their business. Businesses do not pay taxes on wholesale inventory that gets sold to their customers, but they do pay sales tax on purchases that they use to operate their business. There should be no exception for vehicles rented out to customers. Automobiles purchased for rent are a business asset and should be taxed as such. These rental car companies take deductions on these purchases, treating them as business assets. However, they do not pay taxes on them.

This bill would close an unfair exemption that allows rental car businesses to avoid playing by the same rules that you and I play by and that other businesses play by. We urge you to support it.