



Testimony of Ethan Wilson – Outside Counsel for Turo Inc.
Committee on Taxation
Comments in Support of LD 2198
February 20, 2024

Chair Grohowski, Chair Perry and members of the Committee, my name is Ethan Wilson. I am here on behalf of Turo, a peer-to-peer car sharing platform used by thousands of Mainers.

I'm also here on behalf of the thousands of Mainers who use peer-to-peer car sharing for their transportation needs, including over 180 Mainers who are actively sharing their cars on the Turo platform. Without these people, peer-to-peer carsharing would simply not exist in this state.

I am here to express our strong support for LD 2198. I want to take this opportunity to thank Speaker Talbot Ross and Leader Terry for their support and leadership on this issue – and I want to thank everyone who has asked questions about this legislation and wanted to learn more about it.

LD 2198 will remove the exemption from sales tax that rental car companies receive when they purchase cars. This tax break is not afforded to your constituents who share their cars. Yet your constituents are sharing their cars at an exciting, growing pace, providing new transportation options in the state. However, as I will explain, the tax landscape is currently unequal. LD 2198 fixes that.

You'll probably hear opponents saying that supporters of LD 2198 – such as Turo and the Mainers who submitted written testimony in favor of this legislation – are claiming that rental car companies receive preferential tax treatment.

Yes, that is exactly what we are saying – the fact that the vehicle I'm sharing today, owned by a Mainer who paid sales tax on it when it was purchased, is now *also* subject to the excise tax that rental car companies equate to a like-kind substitute for the sales tax clearly makes that case.

Let's use the Turo I'm using today as an example – a 2023 Jeep Gladiator.

- By analyzing *this* transaction, how is it fair for either the vehicle owner who paid sales tax on that Jeep, or me the consumer who is also paying an excise tax on the transaction when at the exact same time – if I had rented that same make and model vehicle from a

rental car company, I would have paid the excise tax, but ZERO sales tax would have been paid on that car when it was purchased. This is unequal.

- The excise tax on car rentals, paid by the customer, is supposed to make up for the fact that rental car companies do not pay any sales tax when they purchase a car – rather, they pass the burden of paying sales tax onto their customers. But as you can see from my real-life example of a peer-to-peer car sharing transaction, tax is paid both on the front end and the back end in peer-to-peer car sharing: at the time of purchase in the form of sales tax, and excise tax is levied on the sharing of that car.

LD 2198 would put an end to the disparate tax treatment of Mainers who share their cars by requiring rental car companies to have the exact same tax burden as your constituents who host their vehicles on peer-to-peer carsharing platforms.

I ask the Committee to look favorably upon this this bill and move this important policy forward. Thank you for your time and consideration.

Sincerely,

Ethan L. Wilson

Vice President, State Issues

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Maine fast facts

18,000+
Days of car sharing¹

180+
Turo hosts²

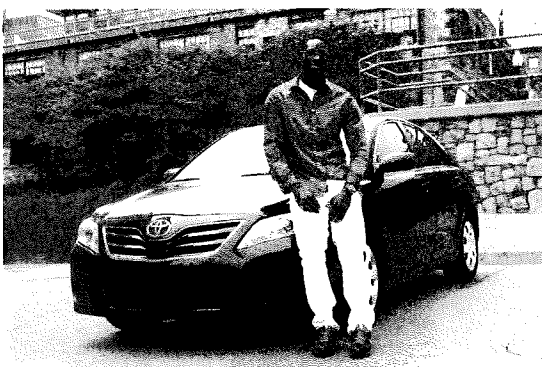
4,400+
Locals using Turo³

\$540+
Average host earnings
per month⁴

5 days
Average trip duration⁵

Top 3 uses of earnings⁶

- Pay down car loan/lease
- Cover primary expenses or add to savings
- Pay off student loans or credit card debt



Michael
Turo host

“It’s a second stream of income that helps me pay down my student loans and save for a house. Turo enables me to turn a liability (car/payment) into an asset that works for me.”

1. Days of car sharing is defined as the total days for a vehicle booked by our guests on our platform in the trailing 12-month period on June 30, 2022, net of days canceled in that period.
 2. Turo hosts represents active hosts, which is defined as the number of active hosts as hosts with at least one trip as a host in the trailing 12-month period on June 30, 2022.
 3. Locals using Turo represent active guests, which is defined as guests with at least one trip as a guest in the trailing 12-month period on June 30, 2022.
 4. Average host earnings per month is calculated by the total earnings divided by the number of active host in the trailing 12-month period.
 5. Representative of the trailing 12-month period on June 30, 2022.
 6. These are the responses from a January 2020 Turo-led survey.



Turo launched in 2010 boasting a supportive and collaborative peer-to-peer car sharing community, pioneering a new category of transportation



What Turo does

Creates a car sharing community where car owners can connect with travelers and empowers hosts to generate income from their vehicles



Safe & protected

Liability insurance under a policy issued to Turo by Travelers and quick accident response and 24/7 roadside support



Hosts & guests

Hosts can share their personal vehicle on Turo and traveling guests can book those cars throughout the US, UK, Canada, and France



Experience

Unique selection of cars, affordably priced, and shared in a community of friendly people who trust and respect each other



Elizabeth
Turo host

“[Turo] makes me feel empowered. I’m able to make money that I wouldn’t otherwise be able to make at my current job, and I’m able to do so at my own pace and with my own rules and timeframe. I love that feeling of empowerment and that now I can save more.”

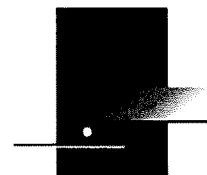
Rental car companies must comply with IRP and other Maine regulations to register vehicles in state

What to know:

- Rental car companies in Maine comply with IRP rules and other state regulations to register vehicles used in Maine.
 - Because of their membership with IRP, major rental car companies would not be able to forgo registration in one state to avoid paying sales taxes upon vehicle purchase and registration.
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What is IRP?

- The International Registration Plan (IRP) is a multi-state reciprocity agreement to determine how fleet vehicles are registered across majority of the United States and Canada.
- Registration fees for commercial vehicles like trucks are determined by the proportion of miles driven each state.



INTERNATIONAL
REGISTRATION
PLAN, INC.

Maine Membership
Since: 1993

How rental car companies register vehicles in Maine

- Rental car companies got an exception to the traditional IRP registration by allowing them to proportionally register the number of vehicles in each state based on its revenue share.
- Currently, Maine has adopted the same language of the IRP Plan under Maine Administrative Code § 29-250-19.
- With these requirements in place, rental car companies cannot buy and register their vehicles in a neighboring state of Maine. If the rental car sales tax exemption in Maine was repealed, rental car companies would have to pay their fair share of sales taxes

Dear Chair Grohoski, Chair Perry, and Members of the Taxation Committee,

My name is Isequiél Pinto and I've been a resident of Portland, Maine for 3 years. I've been a proud Turo host since 2022 and I'm thrilled to share my 3 Turo vehicles with locals in need of mobility options in addition to those visiting Maine. I'm asking you to vote yes on LD 2198 - a bill that would close the \$10+ million tax loophole enjoyed by traditional rental car companies in Maine each year, and require rental car companies to pay the same tax as me.

I'm committed to making life better for Mainers. I work full-time at ProsperityME, a non-profit dedicated to helping Maine's immigrants and refugees build successful, rewarding lives in their new homeland. We strive to ensure all Maine residents have access to economic mobility and earning opportunities, which is why I'm so passionate about my Turo business.

When I'm not working at Prosperity Maine, I share 3 cars on Turo as a way to offset the cost of car ownership and to supplement my salary. As you're likely well aware, non-profit work isn't extraordinarily lucrative but the work is vitally important to Maine residents – and I'm dedicated to doing it. Sharing cars on Turo helps me make ends meet, contribute to my local economy, and save for the future.

When I purchased each of my vehicles, I paid the 5.5% sales tax to the state of Maine. I'm shocked to learn that traditional rental car companies aren't required to do the same. This is unfair and represents inequality in our tax system. I'm being double-taxed while traditional rental car companies profit from a massive tax loophole, resulting in a \$10+ million tax revenue loss each year in our state. This bill aims to close that loophole and make things equal for normal Mainers like myself.

Please vote yes on LD 2198, supporting a fairer sales tax system for Mainers like me. Thank you for your time.

Sincerely,
Isequiél Pinto
Portland, ME

Dear Chair Grohoski, Chair Perry, and Members of the Taxation Committee,

As a Mainer since 2012 and dedicated Turo host since 2016, I'm proud of the Maine legislature for considering LD 2198, a bill that would close the rental car sales tax exemption loophole in Maine.

Back in 2016 I was working in education, supporting an international exchange student program, when I started looking for ways to make a bit of extra money. I love people and deeply value community, so when I heard about peer-to-peer car sharing, I thought it could be a great fit. I listed my vehicle and immediately found the experience to be rewarding - both financially and personally.

Over the last 8 years, I've continued to grow my focus on Turo, and I'm so grateful I have. Like many other Mainers in 2020, I was laid off from my job due to the pandemic. Turo is the only reason I was able to make ends meet as the world shut down. Without my earnings from sharing my cars on Turo, I don't know where I'd be today.

I now invest most of my time and effort into keeping my Turo business going and feel more in control of my financial future than I ever have. Over the years, I've added a few more cars to my profile and I do the right thing every time – I pay the sales tax on the purchase of those cars to the state of Maine. I follow the rules, why don't traditional rental car companies have to do the same? It's truly unfair. Why should I be double taxed while major out-of-state corporations get favorable treatment?

Did you know this sales tax loophole is worth over \$10 million dollars per year? Imagine what our state could do with that revenue generated by righting this wrong. Please vote yes for LD 2198 - make traditional rental car companies pay their fair share – just like your constituents are forced to do.

Thank you,
Andrei Bazaiac
Portland, ME