



# HOUSE OF REPRESENTATIVES

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**February 20, 2024**

*Testimony of Rep. Maureen Terry in support of*  
**LD 2198, An Act to Remove the Exemption from Sales and Use Tax for**  
**Automobiles Purchased for Use as Rentals**  
*Before the Joint Standing Committee on Taxation*

Good afternoon Senator Grohoski, Representative Perry and esteemed members of the Taxation Committee. I am Maureen Terry, representing part of Gorham in House District 108. I am happy to be here to today to speak in support of **LD 2198, An Act to Remove the Exemption from Sales and Use Tax for Automobiles Purchased for Use as Rentals**.

Currently, Maine law provides a sales tax exemption for rental car companies that purchase their vehicles in Maine. However, this creates an unfair advantage for peer-to-peer car-sharing platforms. These cars, and their owners, do not generally benefit from the sales tax exemption that rental car companies receive. LD 2198 would bring parity in the sales tax treatment of cars between traditional car rental models and this growing new model.

It's also important for another reason, besides the simple matter of fairness. In the last highway budget, we shifted the way we provide revenue to the Highway Fund. Historically, this fund has been replenished primarily using the gas tax. But with the reduction of gas usage and an unwillingness to increase or index the gas tax, it was necessary to find new sources of revenue. To provide sustainable funding for this work, the legislature has chosen to dedicate 40% of the sales tax from auto sales to the Highway Fund. Since all cars use our roads, requiring the sales tax be paid by all ensures that everyone is contributing to our highway upkeep. It is not logical to run a bifurcated tax policy for those in the car rental space and this common sense change will provide parity and help support the well-being of our most basic transportation infrastructure.

I would like to stress that when crafting the final language, the Committee ensures that this provision applies only to Automobiles since other classes of rentals do not use our roads and their sales tax revenue does not contribute to the Highway Fund.

With that, I urge you to support this measure and I thank the Speaker for introducing this bill. I'm happy to try and answer any questions you may have.