

**Testimony of Dan Morris, Kennebec Equipment Rental,
President of the Maine Chapter of the American Rental Association**

In Support of Part "H" of LD 2214,

**An Act to Make Supplemental Appropriations and Allocations for the
Expenditures of State Government, General Fund and Other Funds and to Change
Certain Provisions of the Law Necessary to the Proper Operations of State
Government for the Fiscal Years Ending June 30, 2024 and June 30, 225**

Joint Standing Committee on Appropriations and Financial Affairs

Joint Standing Committee on Taxation

February 22, 2024

Chair Rotundo, Chair Sachs, and Members of the Appropriations and Financial Affairs Committee, Chair Grohoski, Chair Perry, and Members of the Taxation committee. My name is Dan Morris, and I am with Kennebec Equipment Rental. We have 6 locations in the state operating in Bangor, Fairfield, Woolwich, Auburn, Portland, and Kittery, and in total we employ 25 Mainers. I am also the President of the American Rental Association's Maine Chapter, consisting of both large and small businesses. As an association, we have members operating in over 50 towns and cities here in Maine. I am here today on behalf of my company and the ARA of Maine to speak in strong support of Part "H" of the Supplemental Budget.

The current sales tax policy in Maine creates a lot of confusion, especially for smaller businesses, who don't have the expertise to follow the myriad of rules in place for different types of transactions. In addition, having to pay use tax upfront on a purchase that we will rent or lease makes no sense. Small businesses like mine are saddled with this additional cost before any economic activity occurs.

A good example to illustrate how devastating this can be is to look at what happened during COVID. It is customary for our industry to purchase rental fleet at, or around the first of each calendar year. At the beginning of 2020, as we typically do, we had a lot of brand new equipment that was brought in. We paid use tax on the new equipment. Just a few months later, we were shut down. A lot of our equipment was idled on jobsites that were shutdown. It took weeks until we were able to apply as an essential business, and in some instances, months for other businesses, to reopen to allow us to retrieve our equipment. For most of the year, we struggled to get equipment, including our newly purchased fleet out on rent. All this was very hard on our businesses, and many smaller businesses struggled to stay afloat.

I highlight this to you to demonstrate that reforming the sales tax policy to reflect how the rest of the country handles it, would have helped during COVID. For the new equipment we purchased, there would not have been any use tax paid on that fleet.

There wouldn't have been any sales tax collected until or unless there was economic activity (we were able to rent it out). **This makes perfect sense!**

On behalf of my company and ARA of Maine, we appreciate the opportunity to have our voices heard, have input into the Part "H" language, and I strongly urge your support in including this important legislation in the supplemental budget.

Thank you for your consideration.