

Testimony of Ed Noonan, United Rentals

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, 2025

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 Ed Noonan, and I am with United Rentals. We are a large equipment rental company with four locations in Maine, employing close to 100 highly valued associates. We primarily service customers in construction, industrial, agricultural, and governmental sectors. I am here today on behalf of my company to speak in strong support of Part "H" of the Supplemental Budget.

Today, for sales tax, retailers in Maine are not treated the same. Retailers that purchase tangible personal property that they intend to rent or lease are not provided the same treatment as other retailers that purchase the same tangible personal property for the primary purpose of offering it for sale. The language in Part H remedies that inequity.

Because there is a divergence in how retailers are treated, there is a strong possibility that many retailers are not following the law correctly. Not for nefarious reasons, but because they simply may not know. Again, Part H of the Supplemental Budget fixes this and puts everyone under the same umbrella, and this should lead to better compliance.

This bill puts Maine on equal footing with all other states (except IL) that impose a sales tax. Providing a sale for resale exemption to leasing and rental retailers purchasing business inputs and instead imposing the sales tax on the end consumption follows sound tax policy by taxing economic activity as it occurs and where it occurs.

Part H of the Supplemental Budget includes a credit mechanism that allows a 2-year lookback to allow for a refund of the use tax that was paid on any tangible personal property that is leased or rented during a 2-year transition period that starts on the effective date of the legislation. This is needed to avoid any potential double taxation.

Part H of the Supplemental Budget is the result of many stakeholders, including the rental industry, leasing industry, trucking industry, Maine Revenue Services, and other business associations providing important input and feedback. I urge your support in voting this important piece of legislation out of your committee.