

**TESTIMONY OF
MICHAEL J. ALLEN, ASSOCIATE COMMISSIONER FOR TAX POLICY
DEPARTMENT OF ADMINISTRATIVE AND FINANCIAL SERVICES**

Before the Joint Standing Committee on Taxation
Hearing Date: *Tuesday, February 4, 2025, at 1:00 P.M.*

LD 145 – *“An Act Pertaining to Sales and Use Tax Exemptions for Durable Medical Equipment, Breast Pumps and Mobility-enhancing Equipment”*

Senator Grohoski, Representative Cloutier, and members of the Taxation Committee – good afternoon, my name is Michael Allen, Associate Commissioner for Tax Policy in the Department of Administrative and Financial Services. I am testifying at the request of the Administration in Support of LD 145, *“An Act Pertaining to Sales and Use Tax Exemptions for Durable Medical Equipment, Breast Pumps and Mobility-enhancing Equipment.”*

LD 145 would provide a broader and simpler sales and use tax exemption for durable medical equipment (“DME”), breast pumps, and mobility-enhancing equipment for home use or use in a motor vehicle. The exemptions and definitions proposed in this bill were included in the Governor’s Supplemental Budget during the 131st Legislature and are included in the Governor’s current Biennial Budget proposal, specifically within Part G of that document. LD 145 as printed would require some minor technical edits due to amendments made in the last Legislative session that shifted Maine’s sales tax to the “lease stream” model, generally treating each lease or rental payment as a separate taxable sale and correspondingly extending the general sale for resale exclusion. That shift to the lease stream was considered in detail last Session by the 131st Legislature and was enacted both as part of the 2nd Session Supplement Budget (P.L. 2023, c.643) and LD 2000 (P.L. 2023, c.673). The combination of the DME exemption under LD 145 now before

this Committee and the lease stream changeover enacted last Session will simplify taxpayer understanding and compliance with respect to sales and rentals of durable medical equipment.

The preliminary fiscal impact for the bill is a revenue loss of \$250,000 per year.

The Administration looks forward to working with the Committee on the bill; representatives from MRS will be here for the Work Session to provide additional information and respond in detail to the Committee's questions.