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LD 1211, "An Act Regarding Certain Definitions in the Sales and Use Tax Laws Affecting
Rental Equipment and Automobiles Used in Transporting Goods."
Joint Standing Committee on Taxation
April 2nd, 2025

Senator Grohoski, Representative Cloutier, and members of the Joint Standing Committee on Taxation:

My name is Senator Brad Farrin and I represent Senate District 3. I am here today to introduce LD 1211, "An Act Regarding Certain Definitions in the Sales and Use Tax Laws Affecting Rental Equipment and Automobiles Used in Transporting Goods."

This bill aims to address some of the unintended consequences stemming from last session's legislation, LD 2000, "An Act to Change the Taxation of Rental Tangible Personal Property to Make It Consistent with the Predominant Method in Other States' Rental Industry Laws for Sales and Use Tax" which has been particularly challenging for Maine's golf and ski industries.

The changes introduced by LD 2000 have created confusion and placed unnecessary tax burdens on businesses, especially those relying on pickup trucks, vans, and equipment rentals. The new definitions of "automobile" and "lease or rental" have caused issues by affecting businesses that use vehicles to transport staff or equipment to and from their primary business locations.

This bill seeks to remedy those issues by providing clarity. Specifically, it changes the definition of "automobile" to ensure that pickup trucks and vans, which are essential for daily operations, aren't unfairly taxed. It also changes the definition of "lease or rental" so that businesses renting equipment for on-site use at their primary location, such as golf carts at golf courses, won't face unintended taxes.

This simple change is crucial for the golf and ski industries in Maine, where businesses need the flexibility to operate without being burdened by taxes that weren't intended for their kind of operations. By clarifying these definitions, we can remove these complications and allow these important sectors to continue contributing to Maine's economy without unnecessary financial strain.

I urge you to support this bill to ensure that businesses can keep operating smoothly, avoid unfair tax implications, and continue to thrive.

Thank you for your consideration.