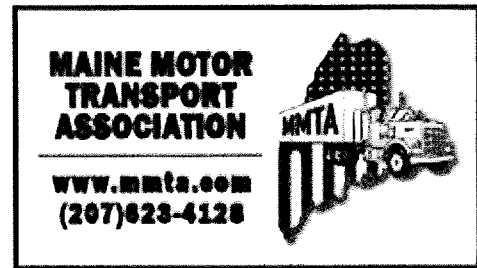


**TESTIMONY OF
Brian Parke
L.D. 1211, "An Act Regarding Certain
Definitions in the Sales and Use Tax Laws
Affecting Rental Equipment and
Automobiles Used in Transporting Goods"**



Good afternoon, Senator Grohoski, Representative Cloutier, and members of the Committee on Taxation. My name is Brian Parke and I am the President and CEO of the Maine Motor Transport Association and a resident of Brunswick. The Association is comprised of more than 1,870 member companies, whose employees make up a large portion of the almost 34,000 people who make their living in the trucking industry in Maine.

I am here today to testify in support of LD 1211 and we would like to thank Senator Farrin and the co-sponsors for introducing this fix.

As you might already know, this bill is in front of you today to address an unintended consequence from last session's work that changed the tax of rental property from a tax on the initial purchase of an item intended to be rented or leased, to a tax on the lease stream of the item, making the method of taxation in Maine similar to how the majority of other states handle this tax.

Without getting into the specifics of our testimony last session on LD 2000 and Part H of LD 2214, this bill – for our purposes – fixes the issue of our members being charged the higher 10% sales tax rate on the short-term rental of cargo vans because they fall under the classification of an "automobile".

For the benefit of the committee, the tax on short term rental/lease of "automobiles" is 10% and the current definition of "automobiles" includes pickup trucks and vans. The tax on the short-term rental/lease of commercial trucks and cargo vans is supposed to be 5.5%. Line 7 of this bill is intended to clarify that cargo vans used **primarily to transport goods or freight** are to be considered the same as commercial trucks and not "automobiles". Thus, they are to be taxed at the intended 5.5% rate.

We have been working closely with Maine Revenue Services on this issue and we are happy to report that progress is being made through Rulemaking with the deadline for comments closing on April 21st. We want to thank MRS for understanding our issue and for acknowledging that the intent of last year's legislation was not to change the effective tax rate for cargo vans. Their proposed rulemaking addresses our concerns and clarifies what this bill does, at least from the trucking industry's perspective. But we know others have misgivings about the new law's impact on their industries/constituencies and we certainly do not want to minimize their concerns.

We respectfully ask that you support LD 1211.

Thank you for your consideration and for allowing us to submit and deliver our testimony. I would be happy to answer any questions the committee has throughout this process.