



April 2, 2025

Testimony in SUPPORT of LD 1211, An Act Regarding Certain Definitions in the Sales and Use Tax Laws Affecting Rental Equipment and Automobiles Used in Transporting Goods

Senator Grohoski, Representative Cloutier and members of the Committee on Taxation. My name is Dirk Gouwens and I am the Executive Director of the Ski Maine Association. A not for profit organization that represents the interests of the ski industry in Maine. I live in New Portland, ME.

I want to thank Senator Farrin for bringing this bill to the attention of the committee. A few days before January 1, 2025 it was brought to my attention that there was a change to how taxes should be collected on rental equipment such as Skis, Ski Boots, etc. This caught us off-guard in a critical time for the ski industry, the Christmas-New Year's holiday. We had to scramble to get the word out that ski areas needed to change their process for rentals during their busiest time of the year. While some of our larger ski areas are computerized across the board, most of our ski areas are not and making manual changes during this critical time was difficult and for many of our smallest ski areas, the ones that cater to young families, it remains difficult. This was especially concerning since Maine Revenue Services has not conducted Rule-Making on this new system yet. It is scheduled to begin later this month. We were directed to a memo that was posted on the Maine Revenue Service web site in August, 2024. We still have many questions about what is taxable and what is not.

Many of our ski areas offer other activities during the year including Mountain Biking, Golf, Weddings and Conventions. The scope of the change in revenue stream can be far reaching for these additional activities including tables, chairs, tents, pipe and drape, A-V Equipment, dinnerware, golf carts, golf equipment, Bikes, lockers etc. Adopting this bill would keep the prior method of collecting taxes in place for these items which are rented and used on the owners premises.

This would greatly benefit not only the smaller of our ski areas but the people of Maine who would need to bear the burden of the extra taxes.

Additionally, I would like to point out the difficulty of the process for re-imbursement of taxes paid for rental items outlined in LD2000 from the 131'st legislature. It provides that in 2027 a business can apply for a refund for items purchased in 2023 and 2024 but only to the extent that taxes received in 2025 and 2026 exceed the tax paid on initial purchase. This is a near impossible scenario for most of the items at a ski area and other types of venues. Imagine a ski area purchasing 100 pair of ski poles for inventory. There two per pair, they all go in a very large bin and when rented, a technician hand the renter two ski

poles of the same size. There is no way to track which poles were purchased in any given year or how much tax revenue it generated. In fact, one pole might be rented many times in a season while another might not get rented at all. There is no way to tell. The same is true for skis, boots, ski bindings, etc. The scenario also applies to a venue that rents tables and chairs. Someone might have hundreds of chairs that it rents, but there is no way to keep track of how many times an individual chair has been rented vs. another chair in the rack.

Again, this bill would eliminate this difficult scenario by following the prior method of taxation which has worked for Maine for many decades.

I urge you to vote ought to pass on LD 1211.