

Maine Grocers &
Food Producers
Association
PO Box 5234
Augusta, ME 04332
207.622.4461
info@mgfpa.org



Retail Association of Maine
45 Melville Street, Suite 1
Augusta, ME 04330
Tel: 207.623.1149 | Mobile:
207.240.7377
curtis@retailmaine.org
www.retailmaine.org

April 9, 2025

Senator Nicole Grohoski, Chair
Representative Kristen Cloutier, Chair
Members of the Taxation Committee

RE: Testimony in SUPPORT of LD 1330, An Act to Clarify That a Business's License or Subscription to Use Software Is Not Considered a Lease for the Purposes of Sales and Use Tax

Dear Senator Grohoski, Representative Cloutier and members of the Taxation Committee:

The Maine Grocers & Food Producers Association and the Retail Association of Maine are providing joint testimony in support of LD 1330, An Act to Clarify That a Business's License or Subscription to Use Software Is Not Considered a Lease for the Purposes of Sales and Use Tax. Our business trade associations represent Main Street businesses including independently owned and operated grocery stores and supermarkets, general merchandise and specialty retailers, convenience stores, distributors, and supporting partners — together representing more than 450 members statewide. Maine's retail sector employs more than 85,000 Mainers.

The proposed bill aims to amend Maine's tax code to exclude software licenses and subscriptions used by businesses from being classified as leases or rentals.

In the current digital landscape, many businesses rely on multiple software applications, often acquired through licenses or subscriptions. Classifying these as leases subjects them to sales and use tax, leading to substantial cumulative costs. By reclassifying software licenses and subscriptions, LD 1330 would alleviate this financial burden, allowing businesses to allocate resources more effectively.

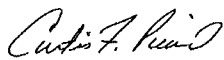
The shift from one-time software purchases to subscription-based models reflects the evolving nature of software distribution. The existing tax framework, which treats subscriptions as leases, does not align with this modern approach. Updating the tax code through LD 1330 ensures that Maine's policies remain relevant and supportive of contemporary business practices.

Reducing the tax implications associated with software subscriptions can incentivize businesses to adopt advanced technologies. This can lead to increased efficiency, competitiveness, and innovation within Maine's business community, fostering overall economic growth.

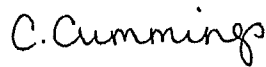
While we recognize that Maine Revenue Services is proposing rulemaking to try to clarify a number of areas of confusion within this section of law, LD 1330 provides clear guidelines on the tax treatment of software licenses and subscriptions for businesses, reducing ambiguity and aiding in compliance. This clarity benefits both businesses and tax authorities by streamlining the tax administration process.

Implementing LD 1330 would modernize Maine's tax code to better reflect current software acquisition trends, provide financial relief to businesses, and promote technological advancement. By supporting this bill, Maine can create a more favorable environment for businesses to thrive in an increasingly digital economy. We urge the committee to support LD 1330.

Thank you for your time and consideration.



Curtis Picard, President & CEO,
Retail Association of Maine
45 Melville St., Augusta, ME 04330
curtis@retailmaine.org | 207-623-1149



Christine Cummings, Executive Director,
Maine Grocers & Food Producers Association
PO Box 5234, Augusta, ME 04332
christine@mgfpa.org | 207-622-4461