



Testimony of Jason Ellis, Group Controller

Presented to the Joint Standing Committee on Taxation

In Opposition to LD 1807, An Act to Expand the Sales Tax to Luxury Services and Adjust the Sales Tax on Rental Cars

Sponsored by Representative Skold

May 8, 2025

Senator Grohoski, Representative Cloutier and members of the Taxation Committee, my name is Jason Ellis. I am the Group Controller in the New England Region for Enterprise Mobility and I'm here to testify in opposition to LD 1807.

Enterprise Mobility operates the Enterprise Rent-A-Car, National Car Rental, and Alamo Rent A Car brands across Maine. We are a 60-year-old, family owned, family operated business that offers mobility solutions including car rental, car sharing, commuter vanpooling, and other multi-modal mobility service models. We bring Maine residents these services through our network of 4,800 vehicles operated by our 245 employees at more than 23 locations in Maine.

Our customer base is focused on Maine people. Most of our locations in Maine are not located at airports; they are neighborhood locations. We conducted over 200,000 transactions in 2024 to serve the mobility needs of Maine people in communities across the state. Mainers rent vehicles from our company for leisure travel, business travel, to replace their personal car when it is out of service for mechanical or collision repair, because they do not own a car, or any number of other reasons. 60% of our total transactions in Maine are to people with a Maine driver's license.

We note at the outset that this bill is improperly titled. LD 1807 is not an "adjustment" to the sales tax on car rentals. It is an increase of 50% from the current rate of 10% to 15%, which would be one of the highest - if not the highest - in the country. While this sales tax increase would affect people from outside of Maine who fly here and rent a car at the airport, it would directly and negatively affect the Maine people whom we rent to who constitute 60% of our total transactions.

In most of those transactions, the additional tax will be paid directly by Maine people. Any Maine resident who needs to rent a car for personal reasons will pay it and most Maine residents who need a car because their car is being repaired also will pay it. Nationwide, only 50% of people insured have substitute transportation included in their policy. Among those that do, roughly 40% have a limit on their coverage. (Maine's larger insurance companies - MMG, Patron's Oxford and Patriot - offer a substitute transportation policy beginning at \$20 of coverage per day.) Those customers pay an average of \$185 in out-of-pocket expenses for their rental.

Based on these figures, effectively 70% of Maine's insured pay out-of-pocket expenses when renting a vehicle. The proposed 50% increase in the car rental tax would affect all of them, not just local insurance companies.

LD 1807 also runs a real risk of adversely affecting Maine tourism, especially travel to our major airports. Regions with consistently higher rental car taxes lose business to neighboring areas with lower taxes, leading to a competitive disadvantage, as consumers seek more affordable options elsewhere. Flight service to Boston Logan is already less expensive than into Portland or Bangor. If 1807 passes, flying to and renting a car in Boston or Manchester will be significantly less expensive than flying to and renting a car at an airport in Maine. That may not ultimately dissuade people from coming to Maine, but it will have an impact.

Enterprise registers 4,800 new cars in Maine every year. The existing sales tax, excise tax and registration revenue that the State and local municipalities received from our company alone is estimated at \$20 million annually. Imposing millions in new sales taxes on the car rental industry - still recovering from the impacts of the COVID-19 global pandemic and the unknown impact of potential tariffs - would further jeopardize large and small operators alike.

For these reasons, Enterprise is asking you to reject LD 1807. Thank you for the opportunity to testify. I'd be happy to answer any questions you may have.