



EQUIPMENT LEASING AND FINANCE ASSOCIATION

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January 6, 2012

Hon. Mark Culver, Chair
Alabama Streamlined Sales and Use Tax Commission

Re: Alabama Streamlined Sales and Use Tax Commission Preliminary Report

Dear Chairman Culver,

The Equipment Leasing and Finance Association (ELFA) advocates support for the Streamlined Sales and Use Tax Agreement (Agreement) and defends the simplification that is a centerpiece of the Agreement. ELFA requests the Commission include rental tax within its recommendations as the Agreement does not permit sidestepping sales tax with alternative tax. Maintaining a separate rental tax places our industry on the defensive requiring ELFA to protest Alabama's non-compliance because segregation of rental tax from the sales tax that leasing companies must also collect violates the spirit of the Agreement by maintaining a dual reporting responsibility on model sellers registered under the Agreement. It is important to note that 'lease' and 'rental' are used synonymous with the term retail sale, a uniform definition under the Agreement that all member states must adopt verbatim in order to be in compliance with 'each and every' provision of the Agreement.

The rental tax left outside the realm of Alabama taxes covered by the Agreement threatens to zero out efficiencies of a single administrative agency. This hinders seller/lessors with the complexities of filing a state and separate local rental tax on the stream of a lease, a separate filing for sales tax on end of lease sales to lessees and sales taxes on certain lease purchase agreements that are taxed as a sale rather than a lease. Alabama's petition to join the Agreement lacking compliance with key definition and lease provisions would obligate our industry to mount formal opposition. As supporters of the Agreement, we believe the state and our members would mutually benefit from Alabama joining Streamlined Sales Tax. ELFA wishes to collaborate with you in gaining that outcome.

The Equipment Leasing and Finance Association (ELFA) is the trade association that represents companies in the \$628 billion equipment finance sector. Its over 500 members include independent and captive leasing and finance companies, banks, financial services corporations, broker/packagegers and investment banks, as well as manufacturers and service providers.

Respectfully submitted,

Dennis Brown
Vice President, State Government Relations
Equipment Leasing and Finance Association