

**Testimony before the Committee on Transportation
neither for nor against L.D. 1194, *An Act to Phase Out Vehicle Excise Taxes and Implement
a Fee for Infrastructure Funding Based on a Vehicle's Annual Mileage***

April 11, 2025

Senator Nangle, Representative Crafts, and members of the Committee on Transportation, my name is Emily K. Green, and I am the Director of Clean Mobility at the Conservation Law Foundation (CLF). I appreciate this opportunity to submit testimony neither for nor against L.D. 1194, *An Act to Phase Out Vehicle Excise Taxes and Implement a Fee for Infrastructure Funding Based on a Vehicle's Annual Mileage*.

CLF, founded in 1966, is a public interest advocacy group that works to solve the environmental and energy challenges threatening the people, natural resources and communities in Maine and across New England. In Maine for almost four decades, CLF is a member-supported organization that works to ensure that laws and policies are developed, implemented and enforced that protect and restore our natural resources; are good for Maine's economy and environment; and equitably address the climate crisis.

Maine needs holistic funding solutions to confront its transportation needs

Maine has a transportation infrastructure funding problem. In September, 2024, the Maine Department of Administrative and Financial Services projected a budget gap for the highway fund for the 2026-2027 biennium of more than \$312 million.¹ Meanwhile, Maine's infrastructure recently received an overall grade of C in a report card from the Maine Section of the American Society of Civil Engineers, which recommended that Maine create new, sustainable funding sources.²

But funding for bridges and roads isn't Maine's only pressing transportation need: cars and trucks have been the state's greatest contributor of climate-damaging greenhouse gas emissions for over three decades, responsible for around half of CO₂ emissions from fossil fuel consumption in the state.³ Maine has a long way to go to reduce gross greenhouse gas emissions

¹ State of Maine Department of Administrative and Financial Services, Bureau of the Budget, *Four-Year Revenue and Expenditure Forecast for the General Fund and Highway Fund for the 2024-2025 and 2026-2027 Biennia* (Sept. 30, 2024), at 15, 26.

² Maine Section of the American Society of Civil Engineers, *2024 Report Card for Maine's Infrastructure* (Dec. 2024), at 3, 6.

³ Maine Department of Environmental Protection, Bureau of Air Quality, *Tenth Biennial Report on Progress toward Greenhouse Gas Reduction Goals* (June 2024), at 2, 12.

45% by 2030 and 80% by 2050, as required by law.⁴ Compliance will demand near-zero emissions from light-duty vehicles by 2050.⁵

Ironically, while the transportation system emits unparalleled levels of damaging climate and air pollution, it also fails to meet Mainers' basic needs: 3 in 5 adults in Maine experience transportation insecurity, meaning they are unable to "access needed services or destinations comfortably, conveniently, and affordably."⁶ 40,000 Maine households lack reliable access to a vehicle.⁷ Meanwhile, public transportation meets only 11% of the need in Maine.⁸ A recent U.S. Census Bureau survey suggested that lack of transportation was at fault for unemployment of roughly 10,500 Mainers, with 31,500 having insufficient access to food due to a "transportation, mobility, or health limitation."⁹

Effectively and equitably addressing these inter-connected transportation issues demands a comprehensive approach, one that recognizes well-designed funding mechanisms can shift behavior in line with state policy, and one that does not leave anyone behind. Therefore, while we appreciate that L.D. 1194 is advancing the conversation about transportation needs in our state, and while we do not oppose usage fees in principle, we are neither for nor against this bill because of its narrow approach (and for the additional reasons set forth below). We would, however, welcome the state undertaking a more holistic consideration of stable funding in the broader context of addressing transportation system shortfalls and advancing compliance with state climate, health, and mobility policy.

Specific concerns about the proposed legislation

Transportation infrastructure funding should advance state policy. Although CLF does not necessarily oppose vehicular usage fees, their efficacy depends on design. For instance, a certain percentage of funds allocated toward infrastructure should be benchmarked for increasing access to non-car transportation options for Mainers (like active transportation, bus service, etc.) and for supporting clean vehicle deployment (like public electric vehicle chargers). In addition, to incentivize behavior in line with state climate policies, fees should be commensurate not only to mileage, but should contain some multiplier(s) reflecting each vehicle's contribution to overall emissions, for instance average emissions per mile, or a proxy like weight (which also better captures a vehicle's impact on road wear and tear).

⁴ 38 M.R.S. § 576-A.

⁵ Governor's Energy Office, Governor's Office of Policy Innovation and the Future, Cadmus, *Maine Clean Transportation Roadmap* (Dec. 2021), at 1.

⁶ Public Transit Advisory Council, *Biennial Report to Governor and Legislature* (Feb. 2025), Appendix B: Moving Maine Network, *Try to Imagine its You, How Transportation Barriers are Hurting Maine and How We Move Forward* (2024), at 5-6.

⁷ Public Transit Advisory Council, *Biennial Report to Governor and Legislature* (Feb. 2025), at 14.

⁸ *Id.*

⁹ Maine Applied Research, *Transportation Needs in Maine, Data Brief* (Jan. 2025) at 12 (citing U.S. Census Bureau, Household Pulse Survey, Cycle 09, 24 September 2024).

Excluding electric vehicles from the usage fee (p. 2 lines 19-21) is inconsistent with the basic principle that taxes should be designed to shift consumer behavior in line with state policy. The state has repeatedly endorsed electric vehicles as cleaner alternatives that are a critical climate solution, and has had successful rebate programs in place for years. We are not aware of any principled or practical reason for excluding electric vehicles from usage fees; indeed, usage fees are often touted as a solution to the lower contribution of clean vehicles to the dwindling gas tax. Charging EV drivers a flat fee has the potential to penalize those who are driving less than the state average, discouraging both the desirable behaviors of reducing miles driven *and* driving a cleaner vehicle.

Vehicular fees must avoid or mitigate regressive impacts. Usage fees must be designed to avoid disproportionate impacts on Maine’s low-income and rural individuals. Basic transportation expenses for most Maine households exceed \$1,000 per month, surpassing costs for necessities like food and housing for many families.¹⁰ Transportation barriers like cost disproportionately impact marginalized populations, including low-income households, rural residents, and communities of color.¹¹ Maine cannot solve its transportation infrastructure funding problem on the backs of those who are already most burdened with transportation costs and other barriers.

CLF appreciates L.D. 1194’s attempt to mitigate the disproportionate impacts of the proposed usage fee with exemptions for persons 65 years or older and from households with annual incomes under \$40,000 (p. 2 lines 22-25). However, this does not alleviate our concern about displacing the fixed excise fee with a usage fee that has the potential to be more regressive. Moreover, while CLF has not seen analysis of the impacts of these categorical exemptions, we suspect they are inadequate given they do not account for the racial and ethnic disparities or other factors in transportation access, nor is it clear whether the 10,000 miles/\$100 discount is sufficient.

L.D. 1194 could create a gap in application of the usage-based fees. As written, the bill would apply an infrastructure fee to “motor vehicle[s] used for transportation of passengers” and “heavy duty vehicles” (p. 2 lines 14-18). It is unclear whether the lack of coverage for light-duty vehicles used for something other than transportation of passengers (which might include certain business fleet vehicles or delivery-based for-hire-vehicles, as well as autonomous vehicles in the future) are intentionally carved out, and if so, why.

Municipalities need certainty as to funding. Municipalities currently rely heavily on excise taxes for their annual town budgets. We appreciate L.D. 1194’s efforts to replace this revenue stream to municipalities within the proposed usage-based infrastructure fee (p. 1 lines 32-35; p. 2 lines 26-30), but we expect this shift will create confusion and uncertainty at best, and administrative costs or funding shortfalls for municipalities at worst. We suggest that these financial impacts be

¹⁰ Public Transit Advisory Council, *Biennial Report to Governor and Legislature* (Feb. 2025), at 14.

¹¹ *Id.*



considered prior to proceeding with L.D. 1194, and that municipal funding be part of a broader conversation about funding all of Maine's transportation needs.

Thank you for your attention and CLF appreciates the opportunity to testify neither for nor against L.D. 1194.