



## **Testimony in Opposition to LD 622:**

**“An Act to Implement a Surcharge on Electric Vehicle Registration”**

Senator Nangle, Representative Crafts, and the distinguished members of the Committee on Transportation, my name is Harris Van Pate, and I serve as policy analyst for Maine Policy Institute. Maine Policy is a free-market think tank, a nonpartisan, non-profit organization that advocates for individual liberty and economic freedom in Maine. Thank you for the opportunity to submit testimony in opposition to LD 622.

LD 622 would impose an arbitrary \$250 annual surcharge on the registration of electric vehicles (EVs) in Maine, with revenue directed to the Highway Fund. This proposal imposes an unjustifiably high burden on a class of vehicles that represent a growing and innovative segment of the transportation market.

### **Disproportionate Taxation and Market Distortion**

Maine Policy Institute opposes government-imposed taxes, and creating a new tax on a particular class of vehicles imposes further costs on the already tax-burdened vehicle market. Allowing innovation and consumer preference to guide market evolution is critical. A \$250 annual fee would create a significant disincentive against purchasing electric vehicles, suppressing consumer choice.

### **Maine’s Transportation Funding Needs Real Reform**

Rather than layering new fees on emerging vehicle markets, Maine should pursue comprehensive and sustainable reforms to transportation funding. Solutions might include:

- Redirecting wasteful government spending to critical infrastructure needs.
- Reducing the cost of vehicle ownership by reducing or abolishing mandatory vehicle inspections, putting more (taxable) income into Mainers’ pockets
- Restrict the Use of Transportation Funds for Non-Transportation Projects
- Dedicate the entirety of current gasoline tax proceeds to the transportation fund

Punitive and arbitrary taxes on EVs risk eroding public trust and forestalling a necessary broader conversation about how to modernize transportation revenue streams in an era of improved vehicle efficiency.



## **Economic Competitiveness and Innovation**

Maine should strive to foster a policy environment that welcomes technology and entrepreneurship, not one that penalizes residents for making forward-looking purchasing decisions. Just as Maine's sin taxes discourage smoking, our taxes on driving and owning vehicles discourage travel, a crucial activity for both economic growth and personal upward mobility, especially in highly rural states like Maine.<sup>1 2</sup>

## **Conclusion**

While ensuring sustainable highway funding is a critical task, LD 622's \$250 surcharge is excessive, anti-innovation, and counterproductive. Maine must resist the urge to single out emerging technologies for disproportionate taxation. Instead, policymakers should pursue balanced, forward-thinking solutions that uphold free-market principles and maintain Maine's economic competitiveness.

For these reasons, Maine Policy Institute strongly urges the Committee to vote Ought Not To Pass on LD 622. Thank you for your time and consideration.

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<sup>1</sup> [https://www.richmondfed.org/publications/research/econ\\_focus/2023/q4\\_district\\_digest](https://www.richmondfed.org/publications/research/econ_focus/2023/q4_district_digest)

<sup>2</sup> <https://www.vehiclesforchange.org/transportations-impact/>