



Department of the Secretary of State Bureau of Motor Vehicles

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JOINT STANDING COMMITTEE ON TRANSPORTATION

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”

Testimony of Shenna Bellows, Secretary of State and
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Senator Nangle, Representative Crafts, and Members of the Joint Standing Committee on Transportation, I am providing testimony in opposition to 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.”

This bill phases out the current municipal excise tax over four years beginning July 1, 2025, through July 1, 2029. However, the bill leaves in place the current fuel tax laws.

It also implements a roadway user-based fee to be collected and administered by the Department of Transportation based on odometer readings collected at the time a vehicle is inspected, beginning July of 2027.

We all know there needs to be a mechanism to improve funding for roadway and bridge construction and maintenance. Many states are considering or piloting new ways of calculating and collecting fees based on road-use. The intent of this bill may be to do so, but we suggest there needs to be a comprehensive plan to do so which incorporates proven methodologies.

Although this bill affects many components of transportation funding, we will address only the direct impact to our department.

To eliminate the municipal excise tax on new vehicles beginning on July 1st of this year is problematic. It is simply not possible to implement this significant change in such a short period of time. The excise tax is a prerequisite to registration and therefore, our computer systems are built on this statutory requirement. It will take a significant resources; time, people and funding to implement this change to our computer system, forms, processes, and paper and on-line publications. Even with a longer implementation period, the fiscal note from our department will be substantial.

Maine excise taxes are also paid by out-of-state motor carriers through the International Registration Plan (IRP) when they register their vehicles to operate in Maine. Last year, 7 million dollars was transferred to the Highway Fund through the IRP. This bill would eliminate those taxes over a 4 year period.

Finally, town offices process 80% of all registrations. Without an excise tax prerequisite, towns may not be willing to issue registrations. We would need to completely change the registration process which again will take time, people and funds.

Thank you for your time and I would be happy to answer your questions.