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Testimony of the Maine Municipal Association

In Opposition to

*LD 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

Sen. Nangle, Rep. Crafts, and distinguished members of the Transportation Committee, my name is Rebecca Graham, and I am submitting testimony in opposition to LD 1194 at the direction of MMA's Legislative Policy Committee (LPC). Our LPC is made up of individuals from across Maine with municipal officials elected by their peers across Maine's 35 Senate districts representing communities with very different access to available enforcement resources and local capacity.

This proposed legislation will cost Maine's municipalities and their property taxpayers hundreds of millions of dollars to fund the state's operations which provide little to no offset to cost to maintain the much larger road systems supported directly but the collection of excise tax received by local government. This bill asks the handful of property taxpayers to subsidize the highway fund budget over the collection of broad-based funding sources that accompany the more than 35 million visitors to Maine annually.

By way of an example, there are 122 municipalities with resident populations of between 1,000 and 3,000, including Carmel and 8 towns in Oxford County. In 2022, the year we have the most recent audited financials for, those 122 communities collected an estimated \$32.6 million in excise taxes while they spent an estimated \$81.9 million on the care and maintenance of their roads and connected infrastructure. Should LD 1194 pass, the owners of residential housing, land, and businesses will experience a 40% increase in their annual property tax bill, whether they have a vehicle or not as the obligation to maintain local roads does not evaporate with the phase out of the revenue proposed by this bill.

If the legislature would like to remove this limited revenue stream from local government, it should also remove the obligation to maintain local roads. That estimated cost statewide in 2022 was \$358.6 million.

Officials ask that you vote ought not to pass on LD 1194 not only because it is bad policy to not secure funding for infrastructure from broad based resources that capture revenue from those visitors we draw to Maine, but also because the predictable impact on rural Maine, and residents on fixed incomes, would be catastrophic.