

MAINE SERVICE CENTERS COALITION

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Testimony of the Maine Service Centers Coalition 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

Senator Nangle, Representative Crafts and distinguished members of the Joint Standing Committee on Transportation, my name is Jared Mills and I am the City Manager of Augusta. I am providing testimony today on behalf of the Maine Service Center Coalition in Opposition to LD 1194.

The Maine Service Centers Coalition, comprised of 26 towns and cities across the state, articulates the importance of healthy and thriving service center communities, advocates for public policy that supports and contributes to the economic and social viability of our communities, and collaborates with municipal officials, legislators, state agencies and nonprofits to pursue quality of life for all who live and work in our state.

In its current state, this bill will lead to a major budgetary shortfall for many of our service center communities. Based on the average number of miles driven by Mainers per year, all the proposed usage-based infrastructure fees from almost 190,000 Maine drivers would not be able to match the amount of funding generated by excise taxes.

The vehicle excise tax, as established in 1925, was designed to ensure equity. Any Mainer registering a car in this state could expect to pay the exact same amount in excise tax as anyone else with the same vehicle. Given the bill's exemptions and the state's population and per capital annual income, a significant proportion of Mainers would not be required to pay anything towards the upkeep of the state's infrastructure. Should LD 1194 become law, a 65-year-old Mainer with four luxury cars that he drives exactly 9,999 miles each and every year would end up paying nothing, while a working family sharing a single car in a household that makes \$40,001 would be required to pay for every single mile that they drive on their way to work.

The excise tax is not a rainy-day fund for municipalities, but rather a critical revenue stream that keeps local infrastructure functional. The Maine Municipal Association has reported that excise taxes raise over \$200 million in revenue for municipalities every year, almost all of which is spent on infrastructure. Last year in Bangor, a service center community, the \$7.3 million raised from excise taxes was not even sufficient to cover the \$7.5 million required for road maintenance. The City of Augusta raised \$3.5 million from excise taxes also not sufficient to cover the \$4.8 million required for road maintenance.

If the funds generated by the excise tax are no longer available, municipalities will have two choices: shift the massive burden to property taxpayers that can ill afford it or continue to fall behind letting vital infrastructure fall apart. Neither option is feasible for our communities.

I respectfully urge the committee to vote Ought Not To Pass on LD 1194 to protect Maine's infrastructure.