



HOUSE OF REPRESENTATIVES

2 STATE HOUSE STATION
AUGUSTA, MAINE 04333-0002
(207) 287-1440
TTY: (207) 287-4469

1752

John "Jack" E. Ducharme III

34 Heald Street
Madison, ME 04950
Cell: (207) 431-0775
Jack.Ducharme@legislature.maine.gov

LD 1752

An Act to Promote Rural Broadband Expansion by Exempting Certain Equipment from the Sales and Use Tax

May 14, 2025

Senator Grohoski, Representative Cloutier, and members of the Joint Standing Committee on Taxation:

Good afternoon. My name is Jack Ducharme, and I proudly represent House District 71, which includes Madison, Norridgewock, and Cornville in central Maine. I am here today as the sponsor of LD 1752, a bill that addresses a simple but critical problem: the state sales tax is currently slowing down broadband expansion in the very parts of Maine that need it most.

Today, Maine imposes a 5.5% sales tax on broadband network equipment — the fiber, routers, antennas, and related hardware that make broadband service possible. That means that more than one out of every twenty dollars a provider invests in expanding high-speed internet in Maine goes to taxes instead of directly into infrastructure. This slows deployment and increases costs — especially in rural and underserved areas where broadband expansion is already more expensive and more logistically challenging.

LD 1752 would exempt this essential equipment from the sales and use tax, removing an unnecessary barrier to investment. By doing so, this bill will enable providers to expand networks faster and farther — using 100% of their investment dollars to deliver broadband, not pay taxes.

We need to act now. More than 20 other states, including Indiana, New York, and Virginia, already exempt broadband equipment from sales taxes. If we don't match those policies, providers will logically prioritize investment in states where their dollars go farther. Maine cannot afford to be left behind — not when our rural communities are still waiting for the broadband access they were promised.

The urgency is even greater given the opportunity Maine now has through the federal Broadband Equity, Access, and Deployment (BEAD) program. BEAD provides over \$270 million in federal funds to support broadband deployment in unserved and underserved areas of our state. These funds are an incredible opportunity — but they are

District 71
Cornville, Madison, and Norridgewock

not a blank check. BEAD requires matching investment from broadband providers, and every dollar they spend is subject to the same 5.5% sales tax.

In effect, we are taking federal broadband grants with one hand and taxing them with the other. That's counterproductive. If we want BEAD to work — if we want to see every dollar go toward broadband infrastructure instead of taxes — then we must eliminate this barrier. LD 1752 does exactly that.

Removing the sales tax also helps Maine stay ahead of potential supply chain issues. With states across the country simultaneously ramping up broadband builds, demand for network equipment is surging. Delays and shortages are possible. By acting now, we can ensure that projects in Maine are ready to go — and we will be in a stronger position to compete for limited resources.

Beyond the immediate buildout benefits, this bill supports long-term economic growth. A 2019 economic study found that eliminating taxes on broadband equipment leads to increased investment, higher broadband penetration, more jobs, and stronger local economies. Broadband infrastructure is foundational — it supports everything from remote work and online education to agriculture and small business. And as these sectors grow, so too do state and local tax revenues — from excise taxes, income taxes, and sales taxes on services delivered over these networks.

LD 1752 is a smart investment. It aligns our tax policy with our broadband goals. It removes a barrier that disproportionately hurts rural Maine. Further, it helps ensure that federal funds are used efficiently and effectively.

I respectfully urge this committee to support LD 1752 and help bring fast, reliable, and affordable broadband to every corner of our state.

Thank you for your time. I am happy to try to answer any questions.

Cordially,

Jack Ducharme