

**Mayor and Council Offices**

Mark Dion

Mayor

April 2, 2025



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Testimony of Mayor of the City of Portland, Mark Dion

*Before*  
Committee on Transportation

*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**

*Before the Joint Standing Committee on Health Coverage, Insurance, and Financial Services*

April 2, 2025

Dear Senator Nangle, Representative Crafts, and Members of the Committee on Transportation,

I am writing on behalf of the City of Portland to express our opposition to LD 1194, which proposes to phase out the municipal vehicle excise tax and replace it with a mileage-based infrastructure fee administered by the State.

This bill represents a significant threat to local revenue and to Portland’s ability to maintain basic infrastructure and public services. In Portland, the vehicle excise tax generates approximately \$8.5 million annually—funds that directly support our local road maintenance, traffic operations, fleet management, and public works equipment. This revenue is stable, predictable, and critical to balancing our municipal budget.

Replacing the excise tax with a state-level mileage fee would result in a loss of local control, increased administrative complexity, and a likely decline in overall funding—particularly during the years of transition. The State has not offered a clear plan for how the new fee would be implemented, how revenue would be distributed, or how municipalities would be made whole. In short, this proposal shifts a vital, functioning revenue stream away from cities and towns without providing an equivalent replacement.

Moreover, the vehicle excise tax is progressive in design: newer, more expensive vehicles pay higher taxes, while older and less valuable vehicles pay less. The proposed mileage fee structure could end up penalizing rural residents or low-income drivers with longer commutes, while failing to adequately fund urban infrastructure used by all.

In Portland, our infrastructure needs are growing. We are investing in safer streets, public transit, and climate-resilient transportation infrastructure. Losing the excise tax would set us back significantly in our ability to meet those goals, and it would place increased pressure on the property tax—a burden that Portland residents are already feeling acutely.

While we understand and support the need to explore new revenue options for transportation, especially in an era of increasing fuel efficiency and electrification, we do not believe LD 1194 offers a workable or equitable solution. Instead, we encourage the Legislature to work in partnership with municipalities to supplement, not supplant, local transportation funding mechanisms.

For these reasons, we respectfully urge the Committee to vote Ought Not to Pass on LD 1194.

Thank you for your consideration.

Sincerely,

A handwritten signature in blue ink, appearing to read "Mark Dion", with a stylized flourish at the end.

Mark Dion  
Mayor  
City of Portland, Maine