



CITY OF BANGOR

Joint Standing Committee on Transportation

Testimony 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

Senator Nangle, Representative Crafts and distinguished members of the Joint Standing Committee on Transportation, my name is David Little and I am the Finance Director of Bangor. I am providing testimony today on behalf of the City of Bangor in Opposition to LD 1194.

This bill as proposed will significantly affect the revenue needed to fund the improvements and maintenance of the roads in the City of Bangor. As written, excise tax on new vehicles will be eliminated starting July 1, 2025, and the rates for older vehicles will reduce by 20% each year until eliminated by July 1, 2029. The bill looks to replace the lost revenue with a usage-based infrastructure fee, but that fee is not set to begin until July 1, 2027, creating a two-year gap in funding.

Further, the bill is very specific that new vehicles purchased by a licensed dealer in any state are exempt from excise tax, but it does not cover used or private sale purchases for current year models that would be at the first mil rate.

During our last fiscal year, Bangor collected approximately \$7.3 million in excise tax. In comparison, Bangor expends over \$7.5 million for road maintenance, repair and paving. The total excise tax collected currently and historically is less than the actual road maintenance costs. Based on the fee structure outlined in the bill, it does not seem that the fee will generate sufficient revenue to offset the excise tax loss. Excise tax is not additional revenue to municipalities, but a critical non-property tax revenue source. Of the \$7.3 million collected, approximately \$2.5 million represents new vehicles. The immediate loss of that \$2.5 million plus the loss of 20% of the remaining excise tax beginning July 1, 2025, will create a direct tax shift to the property taxpayer.

Additionally, how is LD 1194 going to impact short-term rental vehicles? How are the proposed usage fees going to be collected and allocated? Bangor has multiple rental tenants located at Bangor International Airport that register a significant number of vehicles in Bangor. The collection of excise tax from these companies are a direct reduction to our property tax burden and contributes to the actual cost of road maintenance. Will Bangor or similar communities be made whole?

Short-term rental companies often replace their stock with new vehicles each year. How will it be handled when they sell their stock prior to the annual inspection and mileage collection and reporting? This concern would carry over to any sold vehicle. If the usage fee is based on annual mileage collected during the inspection, who is responsible for the fee when the vehicle is sold during the inspection year? Is a new owner now responsible for the prior owner's mileage when they go for a new inspection?

With the full support of the Bangor City Council, I urge you to oppose LD 1194. Thank you for your consideration, and please do not hesitate to reach out with questions.

Cara Pelletier, Council Chair
Debbie Laurie, City Manager
David Little, Finance Director

cara.pelletier@bangormaine.gov
debbie.laurie@bangormaine.gov
david.little@bangormaine.gov