

**TESTIMONY OF  
KIRSTEN LC FIGUEROA, COMMISSIONER  
DEPARTMENT OF ADMINISTRATIVE AND FINANCIAL SERVICES**

Before the Joint Standing Committee on Transportation  
Hearing Date: *Thursday, May 1, 2025, 9:00 AM*

*LD 1549 – “RESOLUTION, Proposing an Amendment to the Constitution of  
Maine Regarding the Use and Oversight of Transportation-related Revenues”*

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Senator Nangle, Representative Crafts, and members of the Transportation Committee – my name is Kirsten Figueroa, Commissioner of the Department of Administrative and Financial Services. I am submitting this testimony Against LD 1549, *“RESOLUTION, Proposing an Amendment to the Constitution of Maine Regarding the Use and Oversight of Transportation-related Revenues.”*

This Resolution proposes to amend the Maine Constitution to provide that, beginning July 1, 2027, at least 60% of sales and use tax revenue collected from motor vehicle dealers and by the Bureau of Motor Vehicles (BMV) must be transferred to the Highway Fund and expended solely for transportation infrastructure and related activities. Under current law, 40% of the revenue attributable to sales tax at the rate of 5.5% collected from automobile dealers and by the BMV is transferred to the Highway Fund after being reduced by the amount transferred to the Local Government Fund. See 36 M.R.S. § 1821. An increase in percentage from 40% to 60% of sales tax collected from automobile dealers and the BMV would transfer an estimated additional \$60 million or more from the General Fund to the Highway Fund on an annual basis.

The Constitutional amendment proposed by LD 1549, if enacted, would further limit the ability of the Governor and the Legislature to balance competing state programs and public policy concerns with available tax revenue, and adjust as needed the amount transferred from General Fund revenues to the Highway Fund.

The proposed Constitutional amendment also provides that, beginning July 1, 2027, the joint standing committee of the Legislature having jurisdiction over transportation matters would have jurisdiction over all financial matters related to the Highway Fund. While the Joint Standing Committee on Transportation is often responsible for tax proposals related to the Highway Fund, this constitutional requirement arguably could limit the Taxation Committee's jurisdiction.

Turning now to technical concerns. This constitutional provision would require enabling legislation – for example, amending the current statutes to mirror the constitutional requirements, or repealing Title 36, Section 1821, and enacting a new implementing statute. The resulting implementing statute should state the frequency and timing of required revenue transfers.

Unlike in current law Title 36 MRSA section 1821, the revenue transferred upon the constitutional amendment would include use tax collected from motor vehicle dealers, which would include use tax paid on items that are used in the dealer's business, and not necessarily related to a motor vehicle operating on the State's highways. Additionally, the term "motor vehicle dealers" is not defined within the Maine Constitution and arguably is ambiguous based on varying definitions in different titles of the Maine Revised Statutes.

Also, all sales tax currently collected at the 10% rate on the short-term rental of an automobile is transferred to the Multimodal Transportation Fund (see 23 M.R.S. § 4210-B(7-A)). This resolution, without amendment, would require 60% of that same revenue to be transferred to the Highway Fund. Finally, unless a reference to the Local Government Fund transfer is added, the constitutional provision would take precedence in the cascade of revenue transfers.

The Administration looks forward to working with the Committee on the bill; representatives from Maine Revenue Services will be available for the Work Session to provide additional information and respond in detail to the Committee's questions.