

**Testimony in Opposition to LD 622, An Act to Implement a Surcharge on Electric Vehicle
Registration**

To the Committee on Transportation

by Josh Caldwell, Climate and Clean Energy Policy Advocate for NRCM

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Senator Nangle, Representative Crafts, and distinguished members of the Committee on Transportation, my name is Josh Caldwell, and I am here on behalf of the Natural Resources Council of Maine (NRCM) in opposition to LD 622, An Act to Implement a Surcharge on Electric Vehicle Registration. NRCM is Maine's leading nonpartisan membership organization dedicated to protecting Maine's environment, with nearly 20,000 supporters statewide and beyond.

This bill would do very little to address the structural problems causing Maine's transportation funding shortfall but would effectively create a disincentive for buying an electric vehicle (EV) during a critical moment in Maine's climate response.

Taxing EVs ignores cost and climate benefits

Reducing emissions from our transportation sector is "Plan A" in Maine's Climate Action Plan, and that strategy hinges on increasing adoption by making EVs more available and affordable in the coming years. In addition to the climate imperative, EVs save drivers money and are a critical tool for the continued development of a flexible electric grid. EVs cost significantly less to drive than gas cars due to far lower fuel costs and fewer maintenance requirements¹, and are set to reach upfront cost parity with internal combustion engine vehicles by next year.² Mainers who drive EVs now save between \$19-\$30 every time they charge an EV instead of filling up a tank of gas.³ Further, Maine's Energy Plan published this year by the Governor's Energy Office

¹ Atlas Public Policy, *Comparing the Cost of Owning the Most Popular Vehicles in the United States*, March 2024, <https://atlaspolicy.com/wp-content/uploads/2024/03/Comparing-the-Cost-of-Owning-the-Most-Popular-Vehicles-in-the-United-States.pdf>

² Kelley Blue Book, *Study: EVs Could Reach Price Parity in 2026*, December 2024, <https://www.kbb.com/car-news/study-evs-could-reach-price-parity-in-2026/>

³ Washington Post, *Is it cheaper to refuel your EV battery or gas tank? We did the math in all 50 states*, August 2023, <https://www.washingtonpost.com/climate-environment/interactive/2023/electric-vehicle-charging-price-vs-gasoline/>

finds that EVs offer a “significant opportunity for flexible load management” and are a critical tool for reducing electricity rates in the coming years.⁴

LD 622:

Does Not Address the Actual Cause of Funding Shortfall

The highway fund shortfall was largely caused by decoupling the gas tax from inflation in 2011, costing the highway fund \$588 million. Loss of gas tax revenues is responsible for 86% of the projected gap in the 2026-2027 budget cycle.⁵ In contrast, while more Mainers than ever are driving EVs, EVs and plug-in hybrids still represent less than 2% of the cars on the road and make up about 6% of new light-duty sales in Maine. EVs are not the reason for our funding problem.

Does Not Close the Highway Fund Gap

Projections show that this surcharge would cover only about 3% of the projected Highway Fund shortfall by 2027. This bill will not solve our transportation funding problem but taxing EVs will undermine EV adoption, and penalize those who have already chosen an EV.

Does Not Focus on the Real Causes of Road Degradation

Heavy trucks, road congestion, and storms linked to climate change are the biggest drivers of road deterioration in Maine. This proposal does not follow basic principles of cost causation and seeks to shift blame to Maine EV owners. Further, this approach lets out-of-state drivers from Massachusetts and elsewhere use Maine’s roads without contributing to their maintenance with this model, while making Maine EV owners pay more.

Does Not Take Maine’s Climate and Energy Goals into Account

Reducing transportation pollution is good for public health and is a central strategy of Maine’s Climate Action Plan. We should be encouraging more Mainers to adopt EVs if they choose, not penalizing Mainers who do. Further, EVs are a critical piece of building a flexible electric grid, which could save billions in grid costs.

We are not opposed to considering how EVs contribute to transportation infrastructure costs over time. However, this should be done using a research-backed approach and in conjunction with holistic transportation funding solutions, not through a piecemeal approach that targets EVs. We

⁴ Governor’s Energy Office, *Maine Energy Plan 2025*, January 2025, <https://www.maine.gov/energy/sites/maine.gov.energy/files/2025-01/Maine%20Energy%20Plan%20January%202025.pdf>

⁵ Maine Center for Economic Policy, December 19 2024, *Highway fund shortfall highlights the need for sustainable revenue solutions*, <https://www.mecep.org/blog/highway-fund-shortfall-highlights-the-need-for-sustainable-revenue-solutions/>

recommend that Maine DOT study how best to integrate EV fees into the Highway Fund over time in conjunction with other funding solutions to address the shortfall caused by reduced gas tax revenue.

LD 622 is the wrong solution at the wrong time. It would undermine our climate goals by imposing the highest annual EV surcharge in the country (tied only with New Jersey)⁶ and do little to address Maine's structural transportation funding issues. For these reasons, we urge you to vote Ought Not to Pass on LD 622.

⁶ KLRD, January 2025, *States' Fees for Electric and Hybrid Vehicles*, <https://klrd.gov/2025/01/17/states-fees-for-electric-and-hybrid-vehicles/>