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**Testimony in Support of LD 1809, An Act to Further Stabilize Highway Fund Revenue****To the Committee on Transportation****by Josh Caldwell, Climate and Clean Energy Policy Advocate for NRCM****May 6, 2025**

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 support of LD 1809, An Act to Further Stabilize Highway Fund Revenue. NRCM is Maine's leading nonpartisan membership organization dedicated to protecting Maine's environment, with nearly 20,000 supporters statewide and beyond.

Establishing a funding framework that can predictably meet all of our transportation system needs is critical to addressing climate change in Maine while ensuring a safe and functioning transportation system for all users. LD 1809 includes revenue proposals worthy of consideration, especially as part of a larger discussion of adequate transportation system funding. However, as we have previously testified, levying a tax on Maine electric vehicle (EV) drivers is premature, insufficient to close the projected shortfall, and counter to achieving the goals laid out in Maine's Climate Action Plan. We could not be supportive of a final bill that includes an EV surcharge at this time.

**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 requirements,<sup>1</sup> and are set to reach upfront cost parity with internal combustion engine vehicles by next year.<sup>2</sup> Mainers who drive EVs now save between \$19-\$30 every time they charge an EV instead of filling up a

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<sup>1</sup> 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>

<sup>2</sup> 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/>

tank of gas.<sup>3</sup> Further, Maine’s Energy Plan published this year by the Governor’s Energy Office finds that EVs offer a “significant opportunity for flexible load management” and are a critical tool for reducing electricity rates in the coming years.<sup>4</sup> 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. Taxing EVs will not solve the Highway Fund shortfall but will disincentivize EV adoption at the worst possible time.<sup>56</sup>

As with previous proposals to tax EV drivers, 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 that is dynamic and responsive to our statewide climate goals. We 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. One such solution could be incorporating EV fees according to EV adoption rates, such that fees are triggered once EVs achieve a certain proportion of the total vehicle fleet in Maine. This way, as EVs become the norm, driven by their cost advantages, their contributions to the Highway Fund will rise accordingly, but initial users will not be penalized for contributing to Maine’s climate response.

### **Delivery fee is a proven tool for transportation revenue generation**

Colorado implemented a delivery fee in 2022 and generated more than \$75 million in revenue over the first year. Minnesota followed suit in 2024 and generated nearly \$60 million in the first year.<sup>7</sup> A fee such as this would not place undue burden on consumers or local businesses but would appropriately compensate for the impact of retail shipping on Maine’s transportation infrastructure. Online shopping spiked during the pandemic and continues to grow in popularity but incurs a high impact on climate change and road degradation.

### **Toll surcharge takes out of state visitors into account**

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<sup>3</sup> 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/>

<sup>4</sup> 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>

<sup>5</sup> Consumer Report, *Rising Trend of Punitive Fees on Electric Vehicles Won’t Dent State Highway Funding Shortfalls but Will Hurt Consumers*, Sept. 2019, <https://advocacy.consumerreports.org/wp-content/uploads/2019/09/Consumer-Reports-EV-Fee-analysis.pdf>

<sup>6</sup> UC Davis, *Assessing Alternatives to California’s Electric Vehicle Registration Fee*, December 2018, <https://escholarship.org/content/qt62f72449/qt62f72449.pdf?t=pkya0>

<sup>7</sup> CSG Midwest, *Question: Have states implemented or considered adoption of a retail delivery fee?*, February 2025, <https://csgmidwest.org/2025/02/27/question-have-states-implemented-or-considered-adoption-of-a-retail-delivery-fee/>

EV surcharges, unlike the gas tax, do not apply to out-of-state vehicles, and therefore only affect Maine drivers. A toll surcharge on out-of-state vehicles would ensure that visitors using our transportation infrastructure are contributing to maintenance of that infrastructure and would be fuel agnostic. This proposal would not negatively affect Maine residents and would not present a significant barrier to tourism due to low the cost per vehicle.

We encourage the Committee to consider implementing higher tolls for out-of-state vehicles and a delivery fee to supplement the Highway Fund but reject immediate implementation of an EV surcharge that would disincentivize EV adoption. Thank you for your consideration.