The Maine Heritage Policy Center
Testimony to Oppose LD 1157
"An Act To Fix Maine's Roads and Bridges by Establishing a Seasonal Gasoline Tax Adjustment"

Senator Diamond, Representative McLean and distinguished members of the Joint Standing Committee on Transportation, my name is Adam Crepeau and I serve as a policy analyst at The Maine Heritage Policy Center. Thank you for the opportunity to testify in opposition to LD 1157.

This bill accomplishes little for Maine citizens. The attempt to decrease the gasoline tax in the colder months and increase it in the warmer months is a gimmick that still introduces an overall increase in the gasoline tax. This tax is already 30 cents per gallon in the state of Maine, ranking 24th highest among all states.[1] Introducing a net increase would make Maine less competitive with other states. New Hampshire, a state without an income tax or sales tax, ranks 35th on the same list.[2] Even Massachusetts, often referred to as "taxachusetts", has a more favorable ranking.[3]

Mainers have the 16th longest daily commute in the nation, averaging 43.7 miles.[4] Also, more than 75 percent (483,317) of all Mainers over the age of 16 commute to work alone by car, truck or van.[5] While all of these individuals would be affected by this increase, it would hurt Maine's working poor the most. People who make less than $25,000 annually incontrovertibly spend a larger proportion of their income on gas and fuel than people who make $100,000 or more. Therefore, any increases to fuel taxes are regressive and hurt low-income Mainers.

Any increase in the gas tax would likely increase the price of consumer goods. In fact, research illustrates that increases to fuel taxes are immediately realized in retail prices.[6] Thus, Mainers would not only be hit by an increase in the gasoline tax at the gas pump, but it would be reflected in the items they purchase.

Lastly, an increase in the gas tax sends the wrong message to taxpayers in the State of Maine. Proposals in this legislative session are figuratively telling Mainers to find another place to live if they do not enjoy paying high taxes. Some examples include: a local-option sales tax, a carbon tax and an increase in the diesel tax. Mainers should not be subject to exorbitant tax rates, especially when our closest neighbor is enjoying the benefits of relatively low tax rates.

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[1] https://taxfoundation.org/state-gas-tax-rates-july-2018/
[2] Ibid.
[3] Ibid.
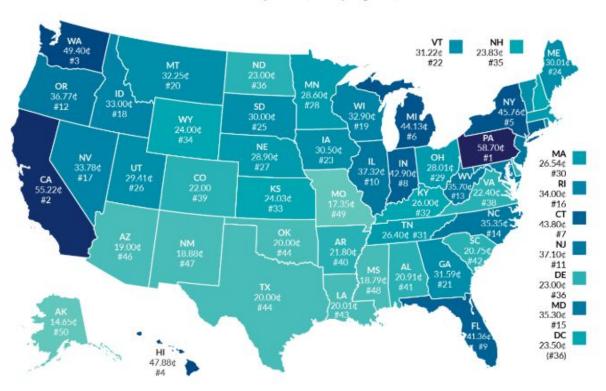[4] https://www.answerfinancial.com/insurance-center/which-states-have-the-longest-commute
[5] https://www.infoplease.com/us/comprehensive-census-data-state/economic-statistics-78
[6] https://www.nber.org/digest/aug11/w16863.html

Since Mainers already pay a high tax for gasoline and are subject to egregious tax rates altogether, The Maine Heritage Policy Center urges the committee to vote, "Ought Not to Pass" on this bill. Thank you.

How High Are Gas Taxes in Your State?

Total State Taxes and Fees on Gasoline, as of July 2018 (cents per gallon)

State	Rate	Rank
WA	49.40¢	#3
OR	36.77¢	#12
MT	32.25¢	#20
ID	33.00¢	#18
ND	23.00¢	#36
MN	28.60¢	#28
WI	32.90¢	#19
MI	44.13¢	#6
VT	31.22¢	#22
NH	23.83¢	#35
ME	30.01¢	#24
NY	45.76¢	#5
SD	30.00¢	#25
WY	24.00¢	#34
IA	30.50¢	#23
NE	28.90¢	#27
NV	33.78¢	#17
UT	29.41¢	#26
CO	22.00	#39
KS	24.03¢	#33
MO	17.35¢	#49
IL	37.32¢	#10
IN	42.90¢	#8
OH	28.01¢	#29
PA	58.70¢	#1
WV	35.70¢	#13
VA	22.40¢	#38
CA	55.22¢	#2
AZ	19.00¢	#46
NM	18.88¢	#47
OK	20.00¢	#44
AR	21.80¢	#40
KY	26.00¢	#32
NC	35.35¢	#14
TN	26.40¢	#31
SC	20.75¢	#42
MS	18.79¢	#48
AL	20.91¢	#41
GA	31.59¢	#21
TX	20.00¢	#44
LA	20.01¢	#43
FL	41.36¢	#9
AK	14.65¢	#50
HI	47.88¢	#4
MA	26.54¢	#30
RI	34.00¢	#16
CT	43.80¢	#7
NJ	37.10¢	#11
DE	23.00¢	#36
MD	35.30¢	#15
DC	23.50¢	(#36)

Notes: These rates do not include the 18.40 cent/gallon federal excise tax on gas. The American Petroleum Institute (API) has developed a methodology for determining the average tax rate on a gallon of fuel. Rates may include any of the following: excise taxes, environmental fees, storage tank taxes, other fees or taxes, and general sales tax. In states where gasoline is subject to the general sales tax, or where the fuel tax is based on the average sale price, the average rate determined by API is sensitive to changes in the price of gasoline. States that fully or partially apply general sales taxes to gasoline are California, Connecticut, Georgia, Illinois, Indiana, Michigan, and New York. D.C.'s rank does not affect states' ranks, but the figure in parentheses indicates where it would rank if included.

Source: American Petroleum Institute.

Total State Taxes and Fees on Gasoline

Lower ——— Higher

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