



## **The Maine Heritage Policy Center Testimony to Oppose LD 466 “An Act To Create a Diesel Fuel Tax Differential”**

Senator Diamond, Representative McLean, and members of the Committee on Transportation, my name is Jacob Posik and I serve as Director of Communications at the Maine Heritage Policy Center. Thank you for the opportunity to speak in opposition to [LD 466](#).

The Maine Heritage Policy Center believes that the tax increase proposed in this bill would adversely affect our economy, particularly the trucking industry, and increase costs for consumers.

Maine’s diesel taxes are already the 16th highest in the U.S. and more than 7 cents higher than New Hampshire’s. Increasing the diesel tax by a nickel would make it the 5th-highest in the country.<sup>1</sup>

This increase would negatively impact several vital industries. Data from the Maine Motor Transport Association shows that nearly 6,000 trucking companies operate in the state, providing 31,000 jobs with an average annual salary of \$40,000. These companies transport 83,000 tons of freight within the state every day, serving the 84 percent of Maine’s communities that rely on trucks to move goods.<sup>2</sup> This bill would make it harder for truckers to operate profitably, endangering their crucial role in Maine’s economy.

But it’s not just the trucking industry. Most construction and farming equipment runs on diesel engines -- lifting heavy beams, digging foundations, drilling wells, paving roads, and growing crops. In the U.S. as a whole, diesel engines power more than two-thirds of all farm equipment and transport 90 percent of agricultural products to market.<sup>3</sup>

Maine’s commercial fishing industry overwhelmingly relies on diesel, as does the economically-lucrative pleasure cruising community. The U.S. Energy Information Administration sums it up:

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<sup>1</sup> <https://www.taxpolicycenter.org/statistics/state-motor-fuels-tax-rates>

<sup>2</sup> <http://www.mainebiz.biz/article/20181029/CURRENTEDITION/310249996/no-1-issue-for-maine-s-trucking-industry?-a-serious-shortage-of-drivers>

<sup>3</sup> <https://www.dieselforum.org/about-clean-diesel/agriculture>



“Diesel engines in trucks, trains, boats, and barges help transport nearly all products people consume.”<sup>4</sup>

Just because most Mainers rarely consume diesel directly doesn't mean they wouldn't be hurt by this tax hike. Indeed, virtually the full tax burden would be passed through to consumers, who would see higher prices at the grocery store, the local shop, and other retail outlets. A study by the Federal Trade Commission suggests that consumers could feel the full brunt of the tax hike within a week of its implementation.<sup>5</sup>

We appreciate the need to increase funding for Maine's roads and bridges, but we firmly believe that increasing taxes on the Maine people is the wrong approach. We urge you to vote “Ought Not to Pass” on this bill. Thank you.

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<sup>4</sup> [https://www.eia.gov/energyexplained/index.php?page=diesel\\_use](https://www.eia.gov/energyexplained/index.php?page=diesel_use)

<sup>5</sup> <https://www.ftc.gov/system/files/documents/reports/tax-pass-through-gasoline-diesel-fuel-2003-washington-state-nickel-funding-package-increase/wp324.pdf>