

Testimony of Augusta City Manager William Bridgeo
Before the Joint Standing Committee on Taxation
In Opposition to LD 514 - An Act to Change How Excise Taxes are Paid by
Public Utility Companies
March 23, 2015

Senator McCormick, Representative Goode, and Members of the Committee on Taxation :

My Name is Bill Bridgeo and I proudly serve as the Manager of your Capital City. I'm here today to speak in opposition to LD 514, a bill that would alter how utility companies' excise taxes are paid and that would provide modest revenues for a number of Maine communities while causing disproportionately large financial pain to the communities in Maine – like Augusta – that benefit under the current law. Since some of you are new to this issue, I must point out that this is not a new effort to change the law. Four years ago, the then representative from Farmington introduced the same language. The bill failed because Central Maine Power and other utilities vehemently opposed it as unfriendly to business. That testimony is available from your committee staff. In his testimony at the time, CMP's lobbyist identified a number of convincing considerations that persuaded the Legislature that what was being proposed would add costs and red tape to the utilities and ultimately add to the cost of electricity in Maine.

Last year, the bill came back, this time with CMP's support. What had changed in the interim were not business conditions but an unfortunate dispute between the City of Augusta and CMP regarding how the City would procure natural gas. Again, the bill was not enacted.

The bill is now before you for the third time in four years and the external circumstances are essentially the same. Requiring a utility to register its fleet of vehicles in fifteen or twenty municipalities instead of one is still more costly and burdensome – and the quarter million dollar financial hit Augusta would take is still daunting.

But, we in Augusta, understand that our sister communities are also struggling financially, especially given the negative impacts of other state budget policies. We know that in the minds of this bill's advocates this has become a question of fairness to them and we respect that.

Thus, if it is to be that LD 514 becomes law (and you can understand why we cannot support that), then it is our hope that you will craft the law in such a fashion as to allow us some time to prepare for the disproportionate loss of revenue and to implement the law gradually for the same reason. Our good Senator Roger Katz has proposed some modifications to LD 514 that we believe would accomplish that.

Thank you for the opportunity to be heard on this matter. I'm happy to field any questions that you might have.