

An Act Making Unified Appropriations and Allocations for the Expenditures of State Government, Highway Fund and Other Funds, and Changing Certain Provisions of the Law Necessary to the Proper Operations of State Government for the Fiscal Years Ending June 30, 2026 and June 30, 2027

Emergency preamble. Whereas, acts and resolves of the Legislature do not become effective until 90 days after adjournment unless enacted as emergencies; and

Whereas, the 90-day period may not terminate until after the beginning of the next fiscal year; and

Whereas, certain obligations and expenses incident to the operation of state departments and institutions will become due and payable immediately; and

Whereas, in the judgment of the Legislature, these facts create an emergency within the meaning of the Constitution of Maine and require the following legislation as immediately necessary for the preservation of the public peace, health and safety; now, therefore,

Be it enacted by the People of the State of Maine as follows:

PART A

Sec. A-1. Appropriations and allocations. In order to provide for the necessary expenditures of State Government and other purposes for the fiscal years ending June 30, 2026 and June 30, 2027, the following sums as designated in the following tabulations are appropriated or allocated out of money not otherwise appropriated or allocated.

PART B

Sec. B-1. Appropriations and allocations. The following appropriations and allocations are made to provide funding for approved reclassifications and range changes.

PART C

Sec. C-1. Attrition savings. Notwithstanding any other provision of law to the contrary, the attrition rate for the 2026-2027 biennium is increased from 1.6% to 5% for executive branch departments and agencies only. The attrition rate for subsequent biennia is 1.6%.

Sec. C-2. Calculation and transfer. Notwithstanding any other provision of law to the contrary, the State Budget Officer shall calculate the amount of savings in this Part that applies against each Highway Fund account for all departments and agencies from savings associated with attrition in fiscal year 2025-26 and fiscal year 2026-27 and shall transfer the amounts by financial order upon the approval of the Governor. These transfers are considered adjustments to appropriations in fiscal year 2025-26 and fiscal year 2026-27. The State Budget Officer shall

provide a report of the transferred amounts to the Joint Standing Committee on Appropriations and Financial Affairs no later than October 1, 2025.

Sec. C-3. Appropriations and allocations. The following appropriations and allocations are made.

ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF

Executive Branch Departments and Independent Agencies - Statewide 0017

Initiative: Reduces funding to reflect projected savings from an increase in the attrition rate from 1.6% to 5% for fiscal years 2025-26 and 2026-27.

HIGHWAY FUND	2025-26	2026-27
Personal Services	(\$6,063,213)	(\$6,269,757)
HIGHWAY FUND TOTAL	(\$6,063,213)	(\$6,269,757)

**PART C
SUMMARY**

This Part sets the attrition rate for the 2026-2027 biennium from 1.6% to 5% for executive branch departments and agencies.

PART D

Sec. D-1. Transfer of Highway Fund unallocated balance; capital program needs; Department of Transportation. Notwithstanding the Maine Revised Statutes, Title 5, section 1585 or any other provision of law, at the close of the fiscal years 2025-26 and 2026-27 the State Controller shall transfer amounts exceeding \$100,000 from the unallocated balance in the Highway Fund after the deduction of all allocations, financial commitments, other designated funds or any other transfer authorized by statute to the Department of Transportation Highway and Bridge Capital, Highway and Bridge Light Capital, Maintenance and Operations and Multimodal Transportation programs for capital or all other needs. The Commissioner of Transportation is authorized to allot these funds by financial order upon the recommendation of the State Budget Officer and the approval of the Governor. The transferred amounts are considered adjustments to allocations. Within 30 days of approval of the financial order, the Commissioner of Transportation shall provide to the members of the joint standing committee of the Legislature having jurisdiction over transportation matters a report detailing the financial status of the department's capital program.

**PART D
SUMMARY**

This Part provides that the unallocated Highway Fund balance, after all obligations are met, is transferred at the end of the fiscal year to the Highway and Bridge Capital, Highway and Bridge Light Capital, Maintenance and Operations and Multimodal Transportation programs for capital or all other needs. The Part creates a mechanism to offset a portion of the perpetual shortfall in capital funding for the Department of Transportation with unused Highway Fund balances in acknowledgement that the costs of constructing, purchasing, and maintaining transportation infrastructure represents the operational costs of the Department of Transportation.

PART E

Sec. E-1. Transfer authorized. Notwithstanding the Maine Revised Statutes, Title 5, section 1585 or any other provision of law, for the fiscal years ending June 30, 2026 and June 30, 2027 the Commissioner of Transportation is authorized to transfer, by financial order upon the recommendation of the State Budget Officer and approval of the Governor, identified Highway Fund Personal Services savings to the Department of Transportation Highway and Bridge Capital, Highway and Bridge Light Capital, Maintenance and Operations, and Multimodal Transportation programs for capital or all other needs. The financial order must identify the specific savings after all adjustments that may be required by the State Controller to ensure that all financial commitments have been met in Personal Services after assuming all costs for that program including collective bargaining costs. The Commissioner of Transportation shall provide a report by September 15, 2025 and September 15, 2026 to the members of the joint standing committee of the Legislature having jurisdiction over transportation matters detailing the financial adjustments to the Highway Fund.

PART E SUMMARY

This Part provides that the Commissioner of the Department of Transportation can move Personal Services savings to the Highway and Bridge Capital, Highway and Bridge Light Capital, Maintenance and Operations and Multimodal Transportation programs for capital or all other needs. The Part creates a mechanism for the Commissioner to maximize the resources available to meet the capital infrastructure goals of the State of Maine.

PART F

Sec.F-1. 30-A MRSA §6006-G, sub-§1, as amended by PL 2021, c. 239, § 8 and PL 2009, c. 652, Pt. A §43 is further amended to read:

1. Establishment; purposes. The TransCap Trust Fund, referred to in this section as "the fund," is established in the custody of the bank to provide transportation capital investment for the Department of Transportation and municipalities in accordance with this section. The purpose of the fund is to provide financial assistance for the planning, design, acquisition, reconstruction and rehabilitation of transportation capital improvements of all modes including improvements that

will forward the asset management goals set forth in Title 23, section 73, subsection 7 and section 4210-B, subsection 3.

Sec. F-2. Repeal of unused authorization to issue TransCap Trust Fund revenue bonds in PL 2023 c. 3, Part F. PL 2023 c. 3, Part F is repealed.

Sec. F-3. Authorization to issue TransCap Trust Fund revenue bonds. Notwithstanding any provision of law to the contrary, the Maine Municipal Bond Bank, at the request of the Department of Transportation, is authorized to issue TransCap Trust Fund revenue bonds as provided in the Maine Revised Statutes, Title 30-A, section 6006-G from time to time in amounts that in total do not exceed \$200,000,000 from the effective date of this Part through fiscal year 2026-27 for the purpose of making capital improvements to the State's transportation infrastructure.

PART F SUMMARY

This Part repeals the authority to issue TransCap bond that was part of PL 2023, c. 3; provides new authority to issue \$200,000,000 in bonds; and allows a longer time in which to issue the bonds. These bond proceeds are used for capital infrastructure projects for which there are insufficient Highway Fund resources.

This Part also clarifies that the TransCap bond proceeds can be used for capital transportation projects, including those related to multimodal transportation, if the revenue sources for debt service are also permitted for that use.

PART G

Sec. G-1. 23 MRSA §1652, as amended by PL 2011, c. 392, Pt. L, §2, is further amended to read:

Such unexpended balances of the Highway Fund as have been set up for general construction and maintenance of highways and bridges, and for purchasing, operating, maintaining, improving, repairing, constructing, and managing the assets of the multimodal forms of transportation are deemed nonlapsing carrying accounts. All other unexpended balances lapse into the Highway Fund at the end of each fiscal period but may not lapse or be transferred to the General Fund in the Treasury.

PART G SUMMARY

This Part provides that the multimodal highway fund account will not lapse. The change acknowledges that multimodal infrastructure projects, similar to highway and bridge infrastructure

projects, require some flexibility as a result of the inherent timing and administration issues that permeate complex infrastructure projects. Previously, funding for multimodal infrastructure was primarily in other special revenue accounts, which are nonlapsing accounts.

PART H

Sec. H-1. 23 MRSA §1803-B, sub-§1(B), as amended by PL 2013, c. 354, Pt. I, §§1, 2, is further amended to read:

D. Beginning July 1, 2014, the annual funding dedicated for the Local Road Assistance Program must be 9% of the Highway Fund allocation to the Department of Transportation for general construction and maintenance of highways and bridges. On July 1, 2014 and every July 1st thereafter, the Commissioner of Transportation shall administratively adjust the base funding and the reimbursement rates per lane mile proportionately according to revenue available.

PART H SUMMARY

This Part provides that the funding for the Local Road Assistance Program is calculated based on the Highway Fund allocation for the general construction and maintenance of highways and bridges. The statute was not updated to reflect the addition of new forms of revenue deposited into the Highway Fund that already are subject to transfers to the Local Government Fund and were not intended to be further reduced by an additional allocation to the Local Road Assistance Program. This change provides growth in the allocation to municipalities.