



Testimony in Support of LD 713: a Resolution, Proposing an Amendment to the Constitution of Maine to Dedicate a Portion of Sales and Use Taxes from All Motor Vehicle Sales and Motor Vehicle-related Sales to the Highway Fund for Road and Bridge Capital Improvements”

Senator Grohoski, Representative Perry, and the distinguished members of the Committee on Taxation, my name is Nick Murray and I serve as director of policy for Maine Policy Institute. We are a free market think tank, a nonpartisan, non-profit organization that advocates for individual liberty and economic freedom in Maine. Thank you for the opportunity to testify on LD 713.

Bonding millions of dollars every year to cover the highway fund shortfall is an abdication of public duty and responsibility. Sadly, this has been the norm in Maine for many years. The only reason it hasn't occurred in the last two years is because of massive injections of federal money to the state budget.

That federal spending has driven sustained inflation, which is causing Mainers real financial pain. Lawmakers should be seeking any opportunity to shore up the necessary functions of government (administration of justice, public safety, and infrastructure) before funding other programs. Unfortunately for taxpayers, legislators and the governor have used—and continue to use—the General Fund as an infinite pot of money with which to fund their next pet projects before taking care of necessities.

This is precisely why LD 713 is such an important bill. It would ensure that funding basic infrastructure is accomplished first, by dedicating a portion of sales tax revenue related to automobiles to the Highway Fund, so that the state does not need to continue bonding for transportation-related costs when the federal pandemic giveaways have dried up.

Over 2022, Maine Revenue Services reported nearly \$5.5 billion of taxable sales from “all transportation related retail outlets.” This means that these sales brought in about \$300 million in sales tax revenue to the General Fund last year.¹

Given that the current Highway Fund shortfall is about \$232 million, as measured in 2019, dedicating less than half of these funds—possibly just the sales tax revenue from vehicle sales—could easily fix the entire Highway Fund shortfall in just one budget cycle. This shortfall figure has not changed much since 2019.

¹ <https://www.maine.gov/revenue/taxes/tax-policy-office/sales-tax-reports>

Our history shows completely backward priorities. The money is there, so this problem is one of a lack of will. One of the most important roles that the Maine state government has held for decades is the maintenance of roads, bridges, and other vital transportation infrastructure.

Please deem LD 713 “Ought To Pass” to ensure that this crucial operation of the state will be funded more sufficiently than in the past. Thank you for your time and consideration.