



April 1, 2019

Testimony of Erin Courtney, Maine Turnpike Authority
Before the 129th Legislature, Joint Standing Committee on State and Local Government

**In Opposition to LD 1280
An Act To Establish the Maine Buy American and Build Maine Act**

Senator Claxton, Representative Martin and distinguished members of Joint Standing Committee on State and Local Government, my name is Erin Courtney and I am Public Outreach Manager and Legislative Liaison for the Maine Turnpike Authority. The Maine Turnpike Authority respectfully opposes LD 1280, An Act to Establish the Maine Buy American and Build Maine Act.

The MTA does not receive any state or federal tax dollars. Our operations are covered completely by tolls and our capital program is funded by cash tolls and revenue bond proceeds. As is the case with MaineDOT, the vast majority of MTA contracts are already awarded to Maine contractors. The Buy America requirement in this bill would create an additional regulation for the MTA and increase our costs in the manner described in the testimony of MaineDOT. It would increase our construction costs significantly as it would limit suppliers and reduce competition in the pricing of materials. It would also increase the complexity and cost of administering those contracts.

The impact of this bill at this time would be especially severe. The next few years will be a time of significant construction activity for the MTA. Due to the Portland widening and other large projects the MTA's plan is to award over \$250 million in construction contracts over the next 4 years. The MTA has already noted a trend of rising bid prices this year. This bill would accelerate that trend.

Our capital program is funded by tolls or the proceeds from revenue bonds. These bonds are backed solely by MTA toll revenue, and they are governed by legally binding covenants. Requirements that were not in place when the bonds were issued that cause the cost of bonded projects to significantly increase could be seen as a violation of those covenants and an impairment of contract.

We understand there is a waiver process included in the bill. That waiver process is not defined, however, and we cannot predict to what extent, if any, it would mitigate the

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increase in cost to MTA projects this bill would create. It's also possible that subjecting the cost of MTA projects to external control in this way could in itself be seen as a violation of the covenants on our existing bonds, which were issued on the basis that the MTA has independent authority over the content and administration of its construction contracts.

Thank you for the opportunity to present our concerns with this bill to your committee. I would be happy to answer any questions you may have at this time.