



AGC MAINE

THE CONSTRUCTION ASSOCIATION

Testimony of Matthew Marks in Support of LD 258

"An Act Making Unified Appropriations and Allocations for the Expenditures of State Government, General 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, 2023; June 30, 2024, and June 30, 2025"

Joint Standing Committees on Appropriations and Financial Affairs and Transportation

March 2, 2023

Senators Rotundo and Chipman, Representative Sachs and Williams, and other distinguished members of the Appropriations and Transportation Committees, I am Matt Marks, a Principal at Cornerstone Government Affairs and here today on behalf of my client the Associated General Contractors of Maine (AGC Maine). I am here to speak and support the portions of the budget related to transportation funding managed by Maine DOT.

AGC Maine supports the investment proposed and urges the Committee to work towards sustainable funding for the future. While this investment will address ongoing repairs and maintenance, we testify annually that we are still below the required funding to make headway on our infrastructure backlog.

TRIP, A National Transportation Research Non-Profit, published a report¹ on national challenges with rural infrastructure in October 2022. According to the study Maine has serious investment needs in our rural parts of the state.

- Fifteen percent of Maine's rural bridges are rated in poor/structurally deficient condition, the sixth highest rate in the nation. Bridges rated poor/structurally deficient have significant deterioration to the major components of the bridge and are often posted for lower weight or closed to traffic, restricting or redirecting large vehicles, including agricultural equipment, commercial trucks, school buses and emergency services vehicles.
- Twenty percent of Maine's rural roads are rated in poor condition – the tenth highest rate in the nation- and 23 percent are in mediocre condition. The rate of traffic fatalities on Maine's non-Interstate, rural roads is more than double the fatality rate on all other roads in the state – 1.67 fatalities per 100 million vehicle miles of travel vs. 0.71. There were 123 fatalities on Maine's non-Interstate, rural roads in 2020.

Rural roads are more likely to have narrow lanes, limited shoulders, sharp curves, exposed hazards, pavement drop-offs, steep slopes and limited clear zones along roadsides.

¹ TRIP Rural Road Report: <https://tripnet.org/reports/rural-connections-maine-news-release-10-13-2022/>

It's also important to consider the impact on our economy through investments in our transportation system. In addition to TRIP's rural report, they offer annual statistics on our system² in Maine.

- The design, construction, and maintenance of transportation infrastructure in Maine supports approximately 18,000 full-time jobs across all sectors of the state economy. Approximately 283,000 full-time jobs in Maine in key industries like tourism, retail sales, agriculture, and manufacturing are completely dependent on the state's transportation network.
- Roads and highways are the backbone of our economy, allowing Maine motorists to travel 13.1 billion miles annually and moving a significant portion of the \$89 billion worth of commodities shipped to and from the state each year. But, conditions on the system are deteriorating, as the need for transportation improvements far outpaces the amount of state and federal funding available.
- A total of 44% of Maine's major roads are in poor or mediocre condition. Driving on deteriorated roads costs Maine motorists \$581 million a year – \$555 per driver – in the form of additional repairs, accelerated vehicle depreciation, and increased fuel consumption and tire wear.

Post-pandemic, we are also challenged with an increase in materials with unprecedented issues with our supply chain network. According to AGC America's Inflation report³, the construction producer price index rose 11.2% over the year, and specifically concerning diesel fuel rose 61.5% since October 2021. The material price increases happened so frequently that some contractors had to adopt new policies related to end-product pricing and approvals. Construction employment has continued to rise, with a recent report indicating more than 33,000 workers are in the industry - a truly substantial achievement following the pandemic.

Wide variation in construction input cost trends

producer price indexes, 1- & 12-mo. change (not seasonally adjusted)



	Jan 2023 change from:	
	Dec 2022 (1 month)	Jan 2022 (12 months)
#2 diesel fuel	7.1%	22.8%
Architectural coatings (paint, etc.)	0%	15.8%
Asphalt paving mixtures and blocks	7.9%	14.7%
Concrete products	1.8%	14.8%
<u>Subcontractor price indexes, nonresidential building work</u>		
Roofing contractors	5.5%	22.9%
Plumbing contractors	0.8%	13.4%
Electrical contractors	7.2%	19.0%
Concrete contractors	-0.8%	8.4%

21 Source: BLS, producer price indexes, www.bls.gov/ppi

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I want to thank the Committee for considering my comments and I'm happy to answer any questions.

² TRIP State Statistics: https://tripnet.org/wp-content/uploads/2020/04/TRIP_Fact_Sheet_ME.pdf

³ AGC America Construction Inflation Report December 2022:

https://www.agc.org/sites/default/files/users/user21902/Construction%20Inflation%20Alert%20Dec%202022_V4.pdf