



HOUSE OF REPRESENTATIVES

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TESTIMONY IN FAVOR OF LD 1210

An Act to Establish a Maine Highway Capital Fund to Provide Consistent Funding for the Construction and Repair of Maine's Roads and Bridges APRIL 6, 2023

Senator Chipman, Representative Williams and honorable members of the Joint Standing Committee on Transportation. I am Jack Ducharme and I am honored to represent the people of Maine House District 71, Madison, Norridgewock and Cornville.

Over the course of my 20 plus years in banking, I worked with many businesses who always have capital needs. We always recommended that businesses that did not want to have to borrow money, build a capital fund to be used for purchases that exceeded their annual cash flow capabilities. In doing so, these businesses could "self finance" any major purchases without borrowing. My proposal for a Maine DOT Capital Fund follows this model. We know that the infrastructure, specifically roads and bridges, in Maine need major work. I've heard estimates that Maine is one half to three quarters of a billion dollars behind in repairs and maintenance on roads and bridges. My proposal, while it would require fiscal discipline to build, would ultimately offset the State's need to borrow money for major infrastructure projects.

The State of Maine has taken advantage of attractive borrowing rates in recent years. Rates have been so low that it made no sense to use one's own money when you could borrow at rates below 2.5 percent. Those days appear to be coming to an end. Future borrowing rates will need to rise in response to the actions of the Federal Reserve as well as the current market conditions. Self-financing major construction projects in the future will ultimately save taxpayer dollars.

I appreciate the information provided by Commissioner Van Note regarding how the highway funds do not lapse to the General Fund. I also appreciate the information regarding the level of support that has been provided over the last four years with the support of the legislature including the reduction in bonding used.

My bill as presented intends to look long term at the issue of Maine Highway funding and attempts to provide a roadmap for the State of Maine to follow in

District 71
Cornville, Madison, and Norridgewock

future years when the revenue picture may not look as rosy. We are currently experiencing record revenues so it is easy to think that it may last forever but it will not. In more lean times, it may be more difficult to continue to gain the same level of legislative support. My bill hopes to provide a more consistent funding framework that does not depend on who is in the Blaine House or who controls the Legislature.

The time to plan for those lean years is NOW, rather than waiting for them to arrive and make necessary cuts to programs because we failed to plan for the down years. Failing to plan is planning to fail.

Thank you and I will try to answer any questions that you might have.