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**Testimony of  
Bruce Van Note  
Maine Department of Transportation**

**In Opposition to 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"**

**to the  
Joint Standing Committee on Transportation**

**April 6, 2023**

Senator Chipman, Representative Williams, Members of the Transportation Committee, I am Bruce Van Note, Commissioner of the Department of Transportation. Although it is somewhat uncomfortable given the purpose of LD 1210 – to provide more consistent capital funding - I must respectfully oppose the bill because its basic goal is already part of existing law.

As this Committee may be aware, there is no greater champion for predictable and sustainable funding of transportation than myself. In fact, I have spent the bulk of my professional career focused on this issue. On its face, the title of this bill fits this quest, and I know that the sponsor is a friend of transportation. As you have heard today, LD 1210 would establish a dedicated, non-lapsing account to be used for capital highways and bridge needs.

There are three reasons that this bill is unnecessary and thus ought not to pass.

First, MaineDOT already has an account that serves the purpose of the account proposed by LD 1210. The existing account is called the Highway and Bridge Capital, Other Special Revenue Funds account, which in budget terminology is known as account 01417A040695. This is the account that has received unprecedented general fund support in recent years averaging almost \$200 million over the past two years. We thank this Committee and the entire Legislature for that support as we could not have delivered our recent Work Plans without it. Since we have this account, we do not believe a new duplicative account is necessary.

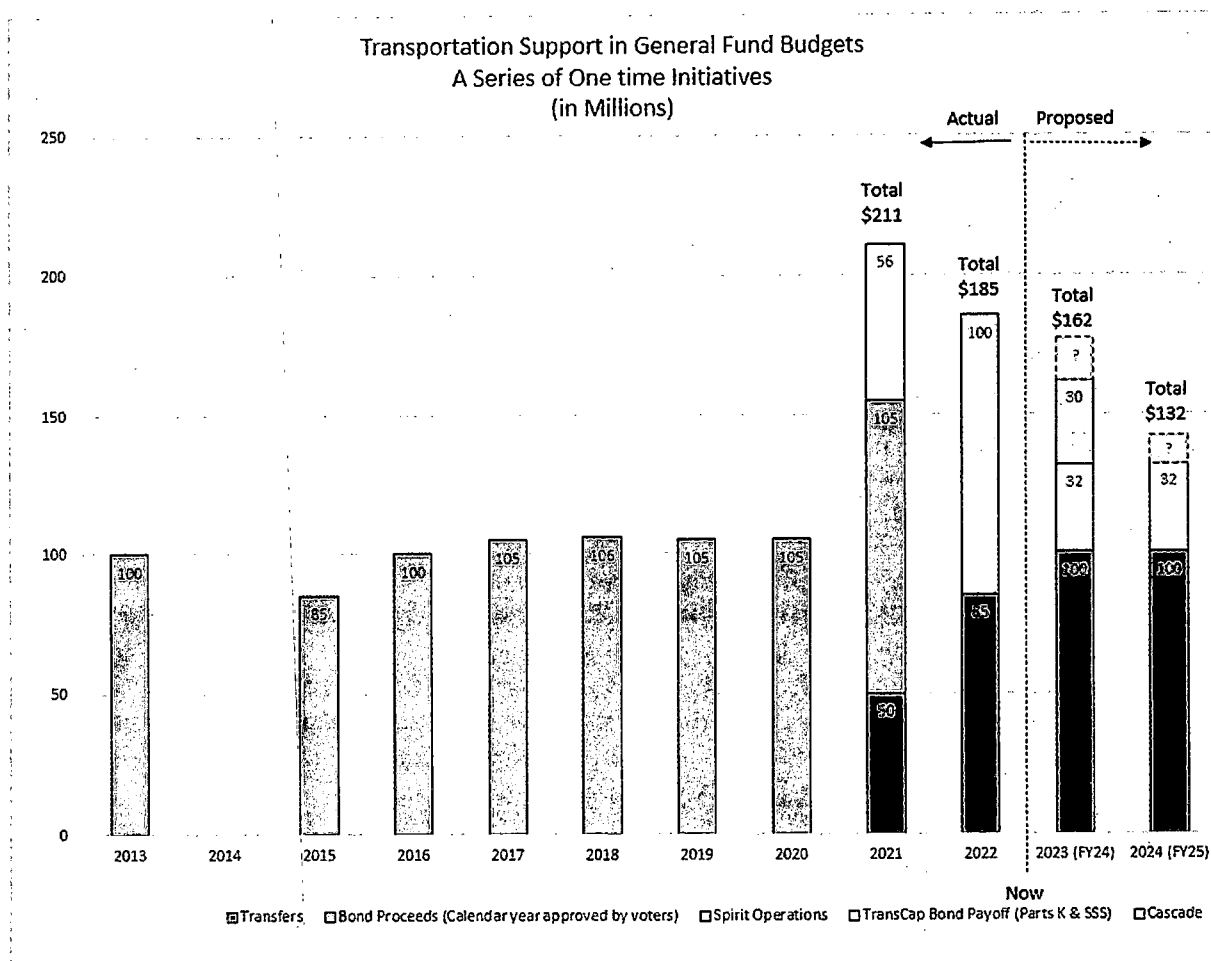
Second, there are no "amounts appropriated to the department to fund the construction of repair of highways or bridges that at the end of any fiscal year would otherwise lapse to the General Fund". As longtime members of this Committee are aware, all funds that are allocated for highways and bridges are either in Highway Fund accounts or Special Revenue Fund accounts that carry forward from year to year. We do not have any funds that lapse to the General Fund at

the end of a fiscal year. In fact, many other Highway Fund accounts lapse to MaineDOT's capital programs.

Third and lastly, subsection 3 of the proposed legislation would require that all funds in this new account be expended only upon the approval of two thirds of each body of the Legislature. Although Highway Fund budgets traditionally pass by a two thirds majority, as we expect LD 259 will this session, we do not feel it is good policy to require a supermajority to authorize capital transportation expenditures. In fact, experience shows such investments are widely supported by policymakers, voters, and most Maine citizens. We do not support making the legislative process for capital transportation spending more cumbersome.

For all these reasons, this bill would not serve its intended purpose and is already part of existing law, so it ought not to pass.

With that said, the issue raised by LD 1210 is the right one. Unpredictable and unsustainable funding is *the* biggest transportation policy challenge facing Maine. As shown in the bar chart below, transportation funding has been cobbled together with one-time, one-off General Fund (GF) solutions every year for the last ten years.



We cannot overstate the importance of funding provided through GF budgets. In a trend consistent with experience at the federal level where general funds now constitute about 35-40% of federal transportation funding, GF support in Maine has become an essential component – about 10% - of the transportation funding mix. Because this GF support leverages federal funding, it's importance is greater than that; our Work Plans would be a shell of themselves without this support. Although this is a critical need every year, it is solved with one-time funding initiatives. Historically, GF help has been in the form of GF general obligation bonds – shown as yellow in the above chart.

As you can also see from the chart, transportation support in GF budgets has grown and diversified under the leadership of Governor Mills. In the biennium ending this June 30<sup>th</sup>, Governor Mills and the 130<sup>th</sup> Legislature provided historic levels of General Fund support in the form of one-time transfers, bond proceeds, and cascade language. In total, this transportation support in the GF budgets averaged almost \$200 million *per year* in the current biennium. As set forth in the introduction to the 2023 Edition of the MaineDOT Work Plan, the actual need for support outside the HF is estimated at \$265 million per year. In the next biennium, the Governor has proposed to further diversify state support in the General Fund budget to include special revenue funding from liquor operations to balance the Highway Fund budget. In fact, that proposal, which was not part of the budget recently passed (LD 424), is needed to simply balance the Highway Fund budget, LD 259, and thus affects all agencies funded by the HF.

In conclusion, we thank the sponsor and co-sponsors of LD 1210 for working on the right issue. Although it won't get the job done, and we therefore oppose it, we look forward to working with all policymakers to address the critical underlying challenge at which it was aimed: the need for more predictable and sustainable funding for transportation in Maine.

I would be happy to answer any questions you may have.

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