

Testimony in support of LD 1983, "An Act to Establish the Maine Buy American and Build Maine Act"

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February 27, 2024

Senator Nangle, Representative Stover, and members of the Joint Standing Committee on State and Local Government, my name is Arthur Phillips, and I am an analyst at the Maine Center for Economic Policy. I offer this testimony in support of the amended LD 1983. Harnessing the procurement power of the state is a common-sense way to incentivize positive market outcomes, including the development of our state and country's manufacturing workforce and capacity.

"Buy American" policies have a long history, going back to the federal government's efforts to support domestic manufacturing during the Great Depression. More recently, the Build America, Buy American elements of the 2021 federal infrastructure bill require the inputs for rebuilding our transportation infrastructure be produced in the US. Maine, therefore, already complies with many domestic sourcing requirements when it comes to transportation contracts receiving federal funding.

The state and its authorities, when acting as a market participant, have the same rights as private sector actors to choose which suppliers to contract with. Since state procurement policies have no effect in other countries and no impact on US foreign affairs, courts have upheld their constitutionality. Indeed, many states, including Maryland, New Hampshire, New York, Pennsylvania, and Texas, have passed similar legislation into law.

Why have these policies proliferated? Fundamentally, to balance scales that for decades have been tilted against US-based workers. Firms producing in countries which engage in currency manipulation, have much lower tax rates, and provide deep government subsidies have an unfair advantage over domestic producers. Furthermore, our state and federal regulations protecting workers and the environment are far from universal, which causes production to be offshored to areas where the safeguards we take for granted are lax if not entirely absent. The last century of Maine's economic history – from timber to textiles – illustrates all too well the impacts of a globalized race to the bottom.

Offering state procurement preferences to US-manufactured goods is one tool for counteracting that trend. The state of Maine and its authorities purchase large amounts of goods, and their decisions can increase demand for local and American-made products. Maine state agencies should follow the example of the federal government and other states, and prioritize purchasing footwear, paper, steel, and other goods manufactured

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locally or elsewhere in the United States. The relatively small increased cost of “buying American” is returned through the support of good-paying manufacturing jobs, their multiplying economic benefits, and the higher tax revenue they entail.

In conclusion, we urge you to support this legislation, which would help preserve good-paying manufacturing jobs in Maine and elsewhere in the United States by helping our businesses and contractors compete on a level playing field with manufacturers in other countries which do not uphold the same basic standards we do.