



STATE OF MAINE
DEPARTMENT OF TRANSPORTATION
16 STATE HOUSE STATION
AUGUSTA, MAINE 04333-0016

Janet T. Mills
GOVERNOR

Bruce A. Van Note
COMMISSIONER

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

to the

Joint Standing Committee on Transportation

In Support of

LD 274

The FY 26–FY 27 Biennial Highway Fund Budget

“An Act Making Unified Appropriations and Allocations for the Expenditures of State Government, Highway 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, 2025, June 30, 2026, and June 30, 2027”

March 11, 2025

Senator Nangle, Representative Crafts, and other distinguished Members of the Joint Standing Committee on Transportation, I am Bruce Van Note, the Commissioner of the Maine Department of Transportation (MaineDOT). On behalf of Governor Mills, the travelers of Maine, my 1,600 dedicated teammates at the Maine Department of Transportation (MaineDOT), and our local, regional, and private sector production partners, I am humbled and honored to appear before you today in support of the portions of the Governor’s proposed Highway Fund (HF) budget that pertain to MaineDOT.

This budget is the primary mechanism by which we achieve our mission, which is *“to support economic opportunity and quality of life by responsibly providing our customers with the safest and most reliable transportation system possible, given available resources.”*

At the outset, I can report that this Budget, with an important TransCap bond amendment Attached as Appendix B, will support the MaineDOT operations and allow us to deliver the 2025 Edition of our Work Plan published on February 20th, if other funding components materialize as projected. This budget does not include any tax increases and again includes several MaineDOT initiatives aimed at stretching the budget and putting as much into projects as possible including the elimination of another substantial number of vacant MaineDOT positions. With these initiatives and as amended, this Budget will support the continuation of smart and steady

progress for transportation in the State of Maine. It will benefit everyone who lives, works, or does business in this state. In sum, we can be proud of this Budget, and I hope and believe it can earn the vote of every member of this Committee.

In accordance with past Committee practice and with the leave of the Chairs, we propose that the detailed line-by-line explanation of the 59 budget initiatives and 5 language items set forth in the budget document provided to the Committee by the Office of Fiscal and Program Review (OFPR) for LD 274 (hereinafter “OFPR HF Budget Document”) be deferred to work session, so that our limited time today can be used for a higher-level, policy view of transportation funding. Past committees have found it helpful to be briefed on how all the funding parts fit together and current hot topics before descending into details. To prepare for the important line-by-line exercise in work session, attached as Appendix A is an eleven-page summary of the MaineDOT initiatives and language items that make up MaineDOT’s portion of this HF Budget.

To provide higher-level policy context, my testimony will touch upon some Maine transportation system basics, a long-standing funding shortfall made worse from huge construction cost increases, bipartisan policy successes made in the last few years to address a significant portion of the shortfall, current funding trends, and the future funding outlook.

I will then summarize sources and uses of funding at the MaineDOT Work Plan level, review capital-related funding in LD 274, and finally outline a few significant MaineDOT initiatives in this budget.

Maine Transportation System Basics

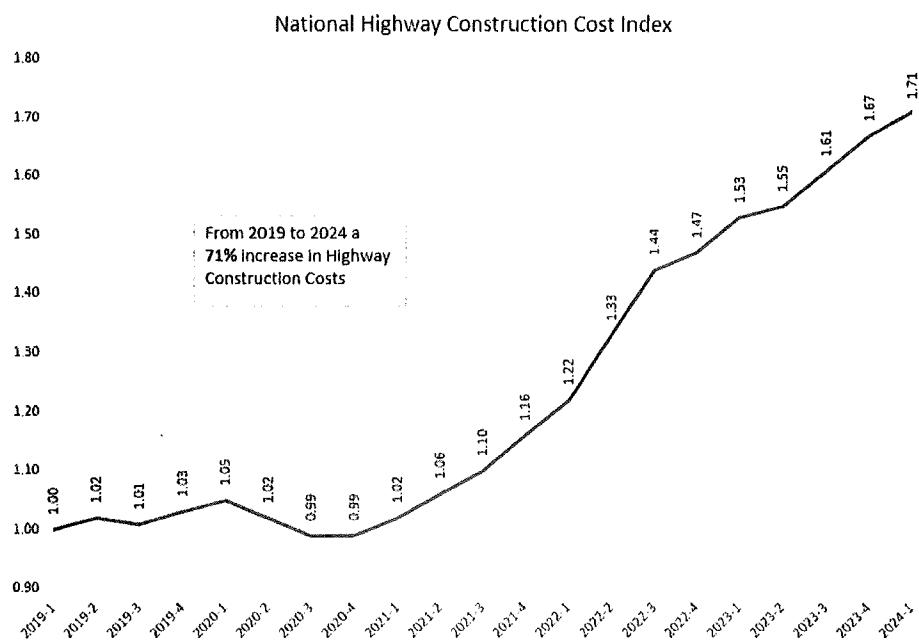
A good place to start is at a very high, timeless level before we descend into more detail, much like how Google Earth starts at a global level before you drill down to your state, town or home.

The fundamental reality is that responsibly providing a safe and reliable transportation system in Maine will always be a big job due to basic geography and demographics. Our state is almost the size of all five other New England states combined, yet our small population of 1.4 million people is about the same as that of New Hampshire. Maine is the least densely populated state east of the Mississippi River. Further, Maine’s natural features and weather – while varied and beautiful – present additional challenges from a transportation perspective. Additionally, we must provide transportation capacity for a huge seasonal influx of visitors. To meet these challenges, Maine has an extensive statewide, multimodal transportation system that includes 8,800 miles of state highways, 2,800 bridges and minor spans, six commercial airports, more than 1,300 miles of active railroad, 15 bus transit providers, passenger rail service, a state ferry service, three major seaports, and miles of active transportation corridors. Simply put, Maine has more transportation infrastructure per capita than most other states do.

A Chronic Funding Shortfall Worsens Due to Construction Costs

Due to these realities, providing the funding to maintain, preserve and improve Maine's transportation system will always be a big challenge. Long-time members of this Committee know that until the last few years, MaineDOT was largely forced into "MacGyver mode," using flagging constitutionally dedicated revenues from fuel taxes and vehicle fees, combined with whatever general obligation bonding is deemed appropriate to do the best we could with what we had. This resulted in MaineDOT "competently managing the slow decline of the transportation system."

This challenge was exacerbated by historic construction cost increases over the last six years, as evidenced by the 70-percent increase in the national construction price index, shown on the graph below. This inflation resulted in the need for significantly more funding just to do an inadequate level of work.



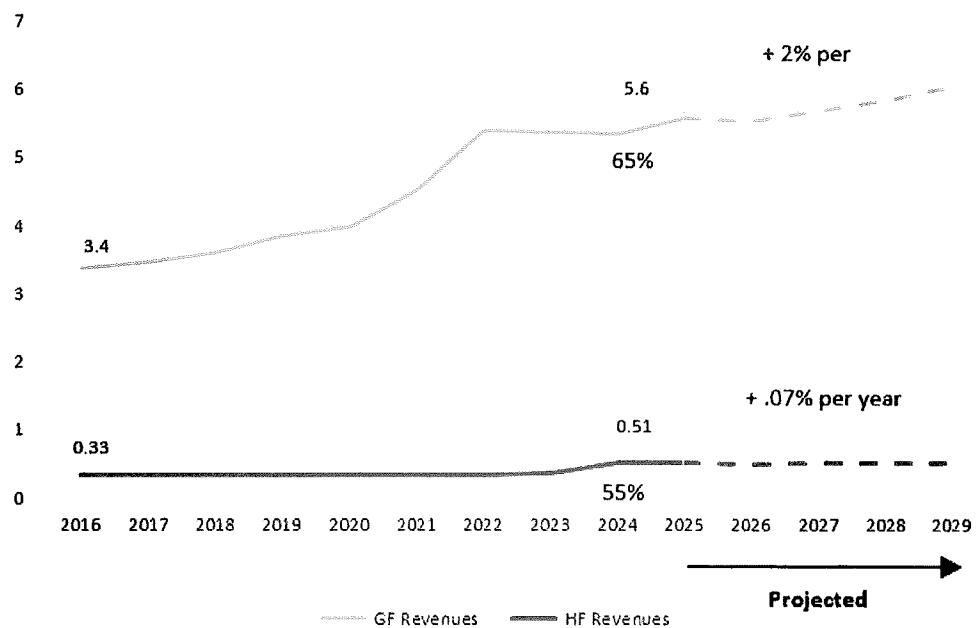
Recent Bipartisan Policy Successes to Address the Structural Shortfall

Thankfully, policymakers rose to meet a good portion of the challenge, an achievement that should be celebrated in these partisan times. Bipartisan policy action at both the federal and state levels in the last few years has allowed MaineDOT to pivot from *making do* to *making progress*.

On the federal level, reliable formula funding rose about 30%, and more significantly in terms of dollars, new special discretionary funding programs under the federal Bipartisan Infrastructure Law (BIL) of 2021 set the stage for more federal funding. Savvy and timely grant applications, thoughtful requests for Congressional Directed Spending (CDS), and the invaluable assistance from engaged members of our Congressional delegation led to a near doubling of federal funding for Maine.

On the state level, starting in 2020 in the form of one-time GF transfers, and later in the form of permanent transfers of net liquor contract proceeds and a portion of the auto-related sales taxes, a critically needed funding boost was provided to the HF, bringing its growth over time closer to that of the GF.

Highway Fund and General Fund Revenue Trends (in Billions) FY 2016 forward



Without these funding enhancements, the HF would have grown only 5% over the nine years from 2016 through 2025, or about $\frac{1}{2}$ of a percent a year. When compared to the 94% increase in construction inflation during this time period, it is clear that the decline of the transportation system would have accelerated. Instead, with the HF funding boost, cuts to the basic operations of HF agencies was avoided, and a significant portion of MaineDOT's ongoing state capital line needs could be met through HF budget allocations for the first time in recent memory.

This allowed Maine transportation to transition from slow decline toward smart and steady progress on all modes. It allowed us to reinstitute cost-effective rural road rehabilitation, match special federal funding, invest in our villages and downtowns, increase and maintain state transit funding, make smart investments in our ports and rails, keep up with spiraling Ferry Service operational costs, and pursue a measured and pragmatic level of new trail development. Without a continuation of this new and other funding, in future biennia forward progress will grind to a halt, basic operations are at risk, and we would be thrust back into a more draconian version MacGyver mode, with much higher costs.

Admittedly, the pragmatic progress allowed by this Budget and MaineDOT's Work Plan does not satisfy the visions of some advocates for big new transportation assets that come with significant ongoing state operating costs. Simply put, Maine cannot afford visions of extensive new capacity – in any mode. As transportation professionals, we would like to do more, but we must accept that transportation is one of many important public priorities and that we need to focus on delivering sensible solutions that provide the most public benefit.

Current Funding Trends

As noted above, given physical and demographic realities in Maine, transportation funding will always be a challenge. The current situation is no exception.

At the federal level, and at the risk of understatement, the current situation is uncertain and dynamic. Some programs introduced in the federal BIL of 2021 could be reduced or eliminated. All programs – especially discretionary grant programs - could be impacted as an Executive Branch policy reassessment is playing out through executive orders, lawsuits, and administrative reviews and processes. A federal shutdown will hopefully be avoided at the end of this week. Further, the current federal transportation authorization bill is set to expire at the end of September 2026 - during the state biennium covered by LD 274. It is even possible that reauthorization might be expedited to change policy direction. All this adds up to uncertainty. All we can do is stay tuned and respond as needed to protect funding as much as possible.

On the state level, as noted above, there is relatively good news in the near term. As amended, LD 274 will meet MaineDOT's operational and capital funding needs for this biennium and Maine can continue to achieve smart and steady transportation progress. On the state capital side, a substantial portion of the state capital funding will be met through HF allocations, something that is relatively rare for Maine. The remainder will be provided through a one-time \$250 million, more flexible TransCap revenue bond.

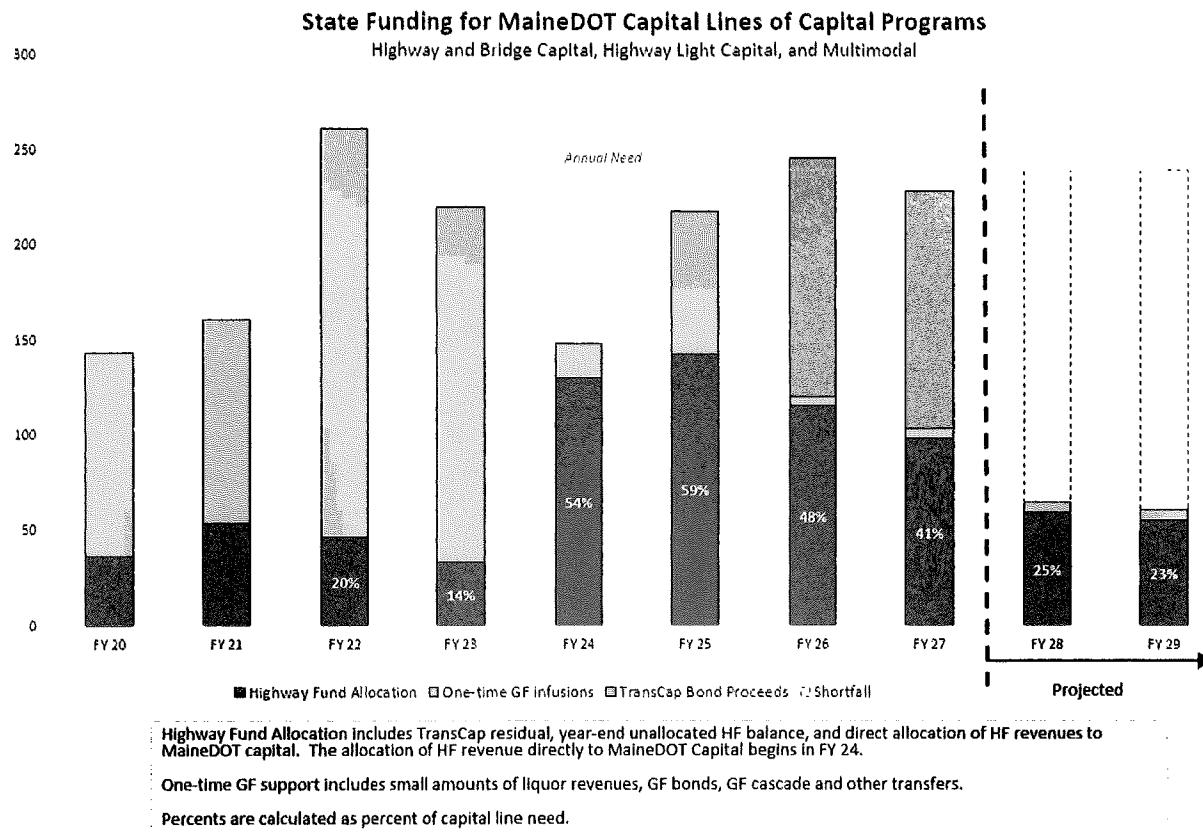
This TransCap bond is critical. It eliminates the need this biennium for any General Fund support including GF bonding, a prudent strategy given current GF budgetary challenges. Without the TransCap bond, this Budget and MaineDOT's Work Plan do not work, and huge adjustments would be required.

The Future Funding Outlook

As indicated above, the biggest challenge facing transportation in Maine looking forward will remain the availability of capital funding. Unlike other agencies, capital funding is not a one-time, Part 2 thing at MaineDOT. Capital funding is a perennial requirement needed to support over 2/3rds of what we do.

Given this importance, I must inform you that the future looks increasingly challenging. As operational budgets of all HF agencies rise over time and HF revenues stay largely flat, HF budget resources available for allocations to MaineDOT's state capital lines will decrease. This means the unmet capital need will grow, which will require increasing large one-time, one-off

solutions each biennium. This is a return to the situation that existed before the past two biennia, as depicted in the bar chart below that shows MaineDOT capital line funding from budgeted vs. one-time sources over time.

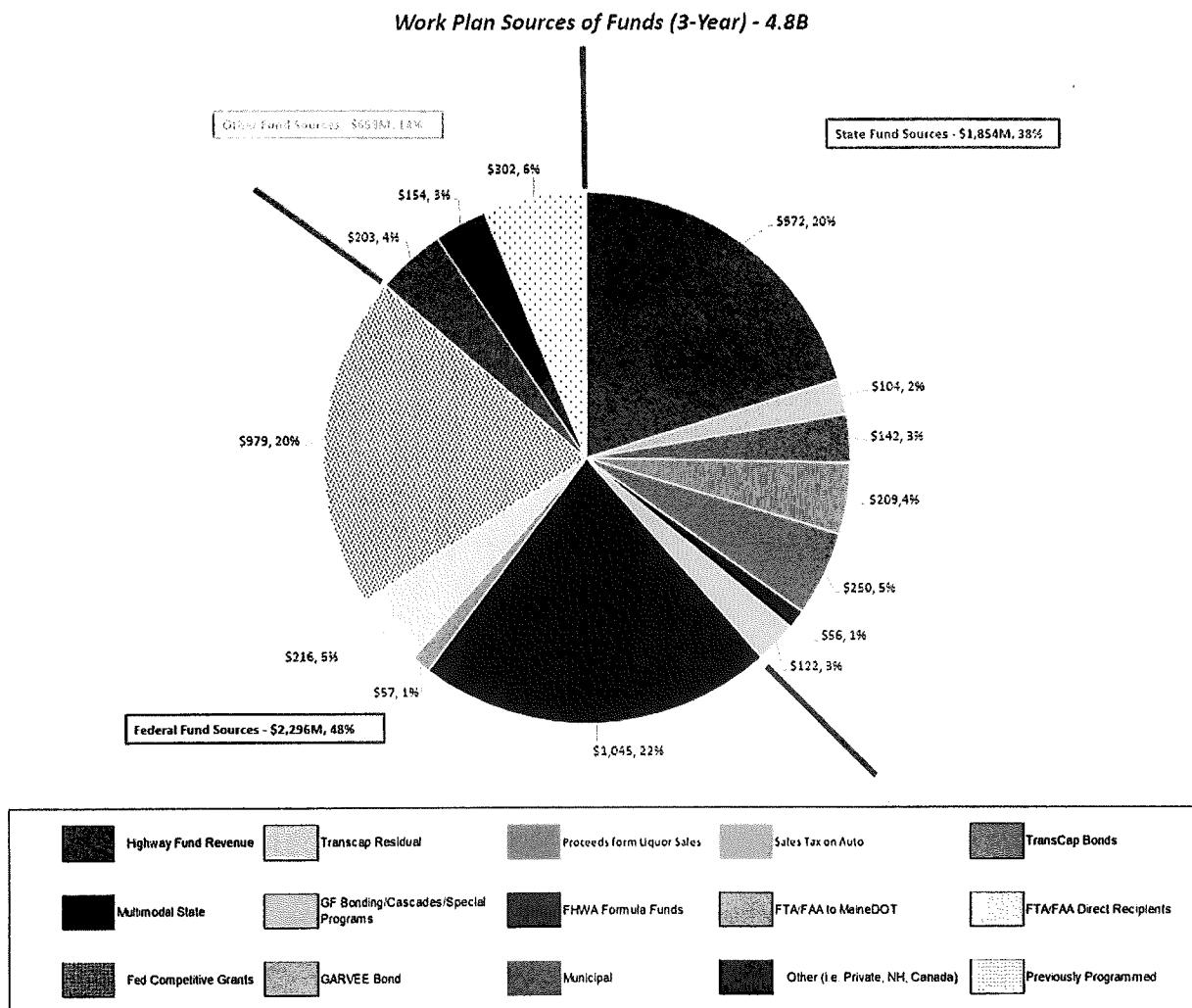


As you can see, unless something significant changes, the state capital line funding provided from budgeted HF revenue will drop from more than half in the FY 24-FY25 biennium, to a little less than half in the FY26-FY 27 biennium covered by LD 274, to about 25% in the next biennium. This means the one-time, one-off portion of this funding will need to increase to about 75% of the need in next biennium – represented by the hollow white portions of the bars for FY 28 and FY 29. This is estimated at about \$180 million *per year*. Obviously, this represents a big future challenge, which would be greatly exacerbated by any reduction in HF resources.

Sources and Uses of All Fund Sources: MaineDOT's Three Work Plan

At the Work Plan three-year level, which includes funding beyond state HF budgets, total sources of funding can be broken down as follows: about 38 percent are from state sources; over

48 percent are from federal sources; and the remainder are from municipal, private, and other sources. This is depicted in the pie chart below.

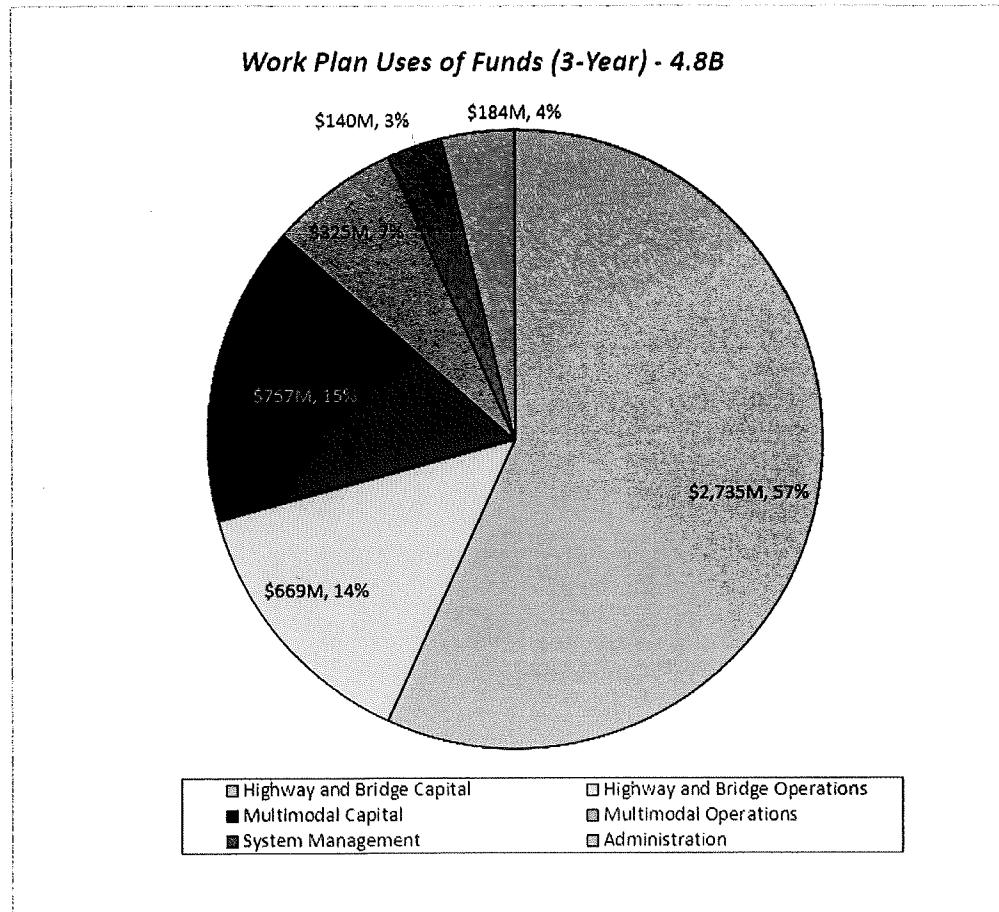


This chart above cannot match LD 274 precisely as it depicts three calendar years as opposed to two state fiscal years and includes funds to be expended by transportation partners that receive federal funds directly outside of the state budget process, including airports and transit agencies, and local and private matching funds not included in the state budget.

A fuller explanation of each wedge of funding depicted above can be found on pages 3 through 10 of the Introduction to the 2025 Edition of MaineDOT's Three-Year Work Plan. See <https://www.maine.gov/mdot/projects/workplan/>.

So where does all this funding go? Again, at the Work Plan level, about 71% is used for the highway and bridge system (both capital and operations), 22% is used for multimodal forms of

transportation (both capital and operating), 3% is used to track asset conditions and manage the system, and 4% is administration. Over 70% is used for capital-related activities. These high-level uses of funds are depicted on the Uses of Funds pie chart below.



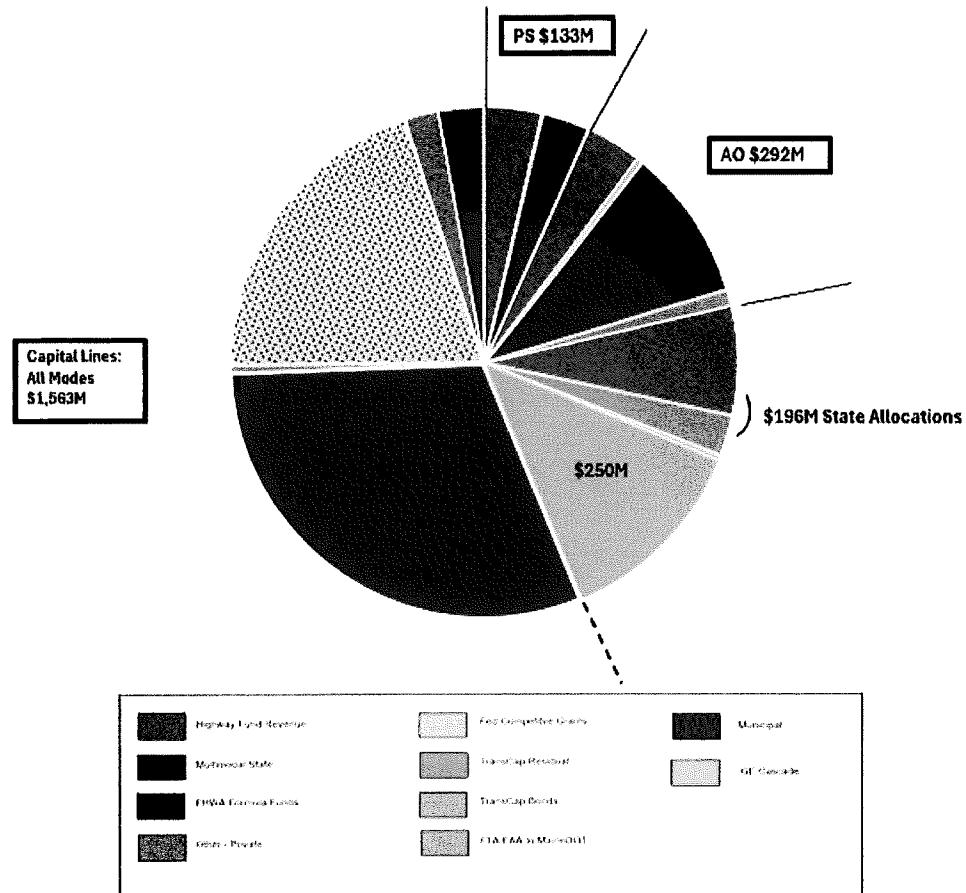
A fuller explanation of each wedge of the uses of funds depicted above can be found on pages 10 through 24 of the Introduction to the 2025 Edition of MaineDOT's Three-Year Work Plan. For a listing of all 2,700+ work items – including capital projects and programs, maintenance and operations activities, planning initiatives, and administrative functions planned by MaineDOT and its transportation partners for calendar years 2025, 2026, and 2027 – the reader can consult the 300 pages of the Work Plan or the searchable map of online.
<https://www.maine.gov/mdot/projects/workplan/>.

State Capital Funding in LD 274

Drilling down from the three years of the Work Plan to two state fiscal years, and focusing on capital-related work only, the pie chart below shows the \$1.99 billion of funding for capital

related programs at MaineDOT from all fund sources (state, federal, other) in this biennial budget. Of this, about 7% is used for Personal Services (for MaineDOT capital-related staff), about 15% is for All Other (for consultants and other operating costs), and about 78% is used for the capital lines of our capital programs, including vendor and contractor payments.

MaineDOT CAP- Related FY 26-FY 27 Biennial Budget (1.99 Billion)



It is the *state* component of the capital lines of this capital-related funding - shown in the lower right hand portion of the pie chart above - that remains the chronic transportation funding challenge. As depicted on the bar chart and related narrative set forth on page 6 of this testimony above, the ongoing need for state funding of the capital lines of the Highway and Bridge Capital, Highway Light Capital, and Multimodal programs at MaineDOT is estimated at \$240 million per year or \$480 million for the biennium.

As depicted by the two green wedges and the very thin yellow wedge of the pie above, LD 274 contains about \$196 million of state allocation for these capital lines for the biennium, being less than half of the need.

The \$200 million TransCap revenue bond authorized in the last biennial budget was not used due to unexpected one-time transfers from the General Fund including a \$75 million cascade amount at the end of FY 24. Obviously, MaineDOT prioritizes the use of available cash rather than rely on bonding. This allows this revenue bonding authority to be moved and enhanced in this biennial budget.

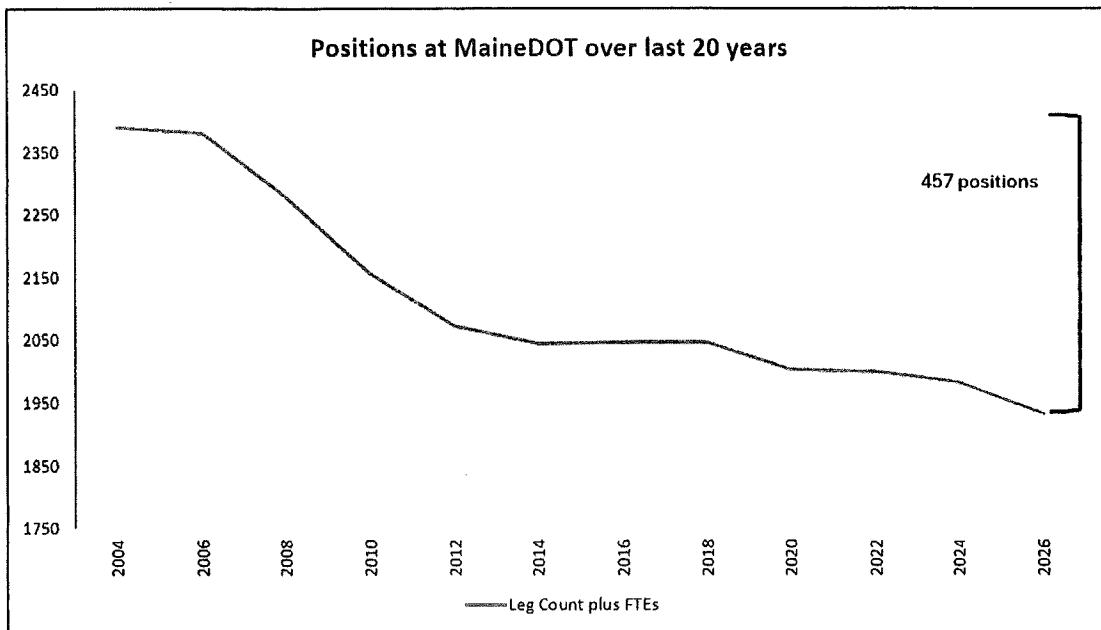
Specifically, to address the state capital shortfall in this biennium in a manner that reflects current fiscal and policy realities including the elimination of the need for additional General Fund assistance and no broad-based tax increases, this budget as amended by Appendix B calls for a \$250 million TransCap revenue bond with diversified revenue streams. Shown as the orange wedge in the lower right-hand portion of the pie chart above, this prudent one-time solution allows Maine to continue smart and steady transportation progress. As noted above, without this TransCap bond, this Budget and MaineDOT's Work Plan do not work for MaineDOT, and huge cuts would be required.

Significant Budget Initiatives in LD 274

1. Maintenance and Operations (M&O) Program Initiatives. The M&O program is probably the most visible to our customers and requires the most state HF revenue as maintenance activities are, by definition, generally not eligible for federal funding and bond funds, which are both focused on capital-related work. The bulk of MaineDOT employees – more than 1,000 legislative count and crew positions – are in this program. The M&O program provides for the maintenance of the infrastructure of state and state aid highways; summer and winter services on state highways, including the removal of snow and ice from the travel surfaces; and the maintenance of all appurtenances and facilities needed for the safe and reliable use of the system by our customers.

Given persistent hiring challenges, MaineDOT again proposes to eliminate a substantial number of crew positions – in this case 60. See Ref #136 and 137 on page 57 of the OFPR HF budget document. These initiatives will generate ongoing gross savings of about \$5.5 million per year. Even with the addition of Ferry Service positions to address ongoing challenges at the MSFS and two positions proposed to support infrastructure adaptation, the net reduction of positions at MaineDOT will be about 52.

Position eliminations are nothing new at MaineDOT. Over 20+ years, MaineDOT consistently strives to self-fund new initiatives or shift the value of vacant positions that we have not been able to fill toward other needs at MaineDOT including capital assets. As shown in the graph below, and even with the addition of a few necessary positions along the way, MaineDOT has eliminated a net of over 450 positions since 2004, being a reduction of about 20%. If MaineDOT had not pursued this thoughtful approach over time, Personal Service needs at MaineDOT would now be about \$42 million higher per year, which is the equivalent of about 6 cents on the fuel tax.



To improve working conditions of our existing crews, and to help with recruitment of staff into remaining vacancies, almost \$2.5 million per year of the savings from the position eliminations is to be used to improve crew facilities. See Ref #138 starting on page 57 of the OFPR budget document. Most of the remaining savings is to fund the reallocation of federal and state funding positions among funding sources in the HBC program – Ref #167 on page 48.

2. **Highway and Bridge Capital Programs.** By far the largest component of MaineDOT's uses of funds is for capital improvement of our highway and bridge system. The major budget components of the capital program are the Highway and Bridge Capital (HBC) program, the Highway Light Capital (HLC) program, and the Multimodal programs.
 - a. **Highway and Bridge Capital Program (HBC) Program.** As its name implies, the focus of the HBC program is capital improvement of the state highway and bridge network. The HBC program includes state HF, federal funds, and special revenue funds for bonding.

The seven budget items related to the HBC program are summarized on page 2 and 3 of Appendix A and are set forth on pages 47 through 50 of the OFPR HF Budget Document. Like all capital items in all Maine state budgets, the baseline budget includes only Personal Services and All Other expenditures. Capital expenditure requests are reset each budget year with a “new” initiative. That admittedly does not work well for a capital-intensive organization like MaineDOT. The total of all these requests – in all funding types - is \$1.44 billion for the biennium, with \$1.36 billion (94%) being capital requests for which there is no baseline.

All Other costs in this program have increased because of the increased use of

consultants, strategic pre-buying of materials to mitigate increasing costs, and rental of equipment. This budget proposes self-funding that increase with projected vacancy/attrition savings in the Maintenance and Operations program on a one-time basis. We have been watching the situation for multiple biennia in hopes that we would not need to request an on-going increase. However, that becomes less and less likely. We expect to offer an amendment in work session that may help address this challenge.

Revised TransCap Revenue Bond. As referenced above, our HBC program and our 2025 Edition of our Three-Year Work Plan are based upon an amended \$250 million TransCap Revenue bond. An amendment to the language of Part F is attached as Appendix B to this testimony and is presented for your consideration.

As the Summary of this amendment sets forth, it revises the authority to issue a TransCap revenue bond from the TransCap Trust Fund at the Maine Municipal Bond Bank that was part of PL 2023, c. 3. It increases the size of the bond authorized from \$200,000,000 to \$250,000,000 and allows a longer time in which to issue the bonds. These bond proceeds are used for capital transportation infrastructure projects.

It also simplifies, increases and diversifies the revenue streams transferred to the TransCap Trust Fund for revenue bond debt service and underwriting requirements to include the existing portion of fuel taxes and a portion of the auto-related sales tax transferred to the Highway Fund. This allows the revenue bond proceeds to be used for highway and bridge and multimodal capital projects. This Part also eliminates the transfer of the portion of registration fees that went to the TransCap Trust Fund.

To repeat, this amended TransCap Bond is mission critical. MaineDOT's budget and Work Plan do not work without it.

- b. Highway Light Capital (HLC) Program. The HLC program primarily provides Light Capital Paving (LCP), a thin, low-cost treatment that has a useful life averaging 7 years and is used to keep about half of the state highway system serviceable. This is an extremely popular and important program as it is the only way that we can manage our lower priority roads given budget constraints. Because LCP has a shorter useful life, HF revenues must support this program as the use of bond funds would not be financially prudent; which also explains why HLC and HCB are managed as two separate programs.

Our current LCP paving goal is 700 miles per year. To reach this goal, it is estimated that we will need \$40 million per year, or \$80M for the biennium. The three HF budget items related to the HLC program are summarized on page 3 of Appendix A and are set forth on page 51 of the OFPR HF Budget Document. They provide about \$90 million. With the proposed TransCap revenue bond amendment, the return of TransCap cash available after the payment of debt service will provide about \$40M over the biennium. We anticipate proposing another amendment in work session to reduce LCP by \$5 million per year and adding it to address the HBC All Other challenge mentioned above.

3. Local Road Assistance (LRA) Program. This is a state HF account that provides municipalities with financial assistance for their capital improvements to the more than 14,000 miles of local roads that carry about 13% of total vehicles miles traveled in Maine. This program is required by law, 23 MRSA § 1803-B(1)(D), which directs the funding to be – if amended as proposed by Language Part H - 9% of the MaineDOT Highway Fund allocation for general construction and maintenance of highway and bridges. This proposal returns the calculation of LRAP funding to be proportional to the state effort in construction and maintenance of highways and bridges. The LRA program amounts to about \$61.8M for the biennium. This represents an increase of about 25% over LRA in the last biennium. The three budget items related to the LRA program are summarized on page 4 of Appendix A and are set forth on page 55 of the OFPR HF Budget Document.
4. Multimodal Programs. The Multimodal Transportation Fund accumulates state revenue from car rental tax, railroad excise tax, and aviation fuel to be used for the purposes of purchasing, operating, maintaining, improving, repairing, constructing, and managing the assets of multimodal forms of transportation, including, but not limited to, transit, aeronautics, marine, and rail of the state, municipal, and multimodal providers. In addition, in the last biennial budget Highway Fund revenues were allocated directly to the multimodal transportation program.

The 24 HF budget items related to Multimodal Programs are summarized on pages 5 to 8 of Appendix A and are set forth on pages 59 to 73 of the OFPR HF Budget Document.

Of particular interest, the Multimodal – Island Ferry Service initiatives numbered 37 through 43 on pages 6 and 7 of Appendix A (Ref. # 189 - # 196 on pages 63-65 of the OFPR HF Budget Document) will be notable as we wade through the multiple bills filed regarding the MSFS. As you will see, the MSFS again requires significantly more state subsidy and positions to address higher operational costs and islander expectations for more reliable service.

Also of interest, the \$5 million increase in state support for transit made just last biennium is included in the baseline budget of the Multimodal Transportation account. See item 50 on page 8 of Appendix A; page 71 of the OFPR HF Budget Document.

Experience indicates that there will be specific questions regarding sources and uses of multimodal funding, and we look forward to answering them in work session.

In conclusion, I want to thank Governor Mills and this Committee for the support shown to MaineDOT. LD 274 is mission critical, and we urge your unanimous support at your earliest convenience.

I will be happy to attempt to answer any questions you may have now or during work session.

Line-by-line Supporting Information on LD 274

“An Act Making Unified Appropriations and Allocations for the Expenditures of State Government, Highway 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, 2025, June 30, 2026, and June 30, 2027”

March 11, 2025

The following is a line-by-line explanation of the MaineDOT requests for the FY2026-FY2027 biennium included in LD 274.

ADMINISTRATION

The **Administration** program, beginning on page 41 of the Committee document, is a highway fund program that supports executive functions, human resources, financial planning and analysis, accounting and budgetary processes, and legal and administrative support services.

- 1) The **Administration baseline request** is \$16,030,005 for FY26 and \$16,280,699 for FY27.
- 2) The first **Administration** initiative (Ref. # 144) increases funding for technology costs by \$1,541,078 in FY26 and \$1,530,968 in FY27. MaineDOT like all state agencies is supported by the Office of Information Technology for our technology needs. Our total technology budget is about \$18 million annually. You will see a technology initiative in many of our programs.
- 3) The second **Administration** item (Ref. # 145) establishes funding to establish a conference account. MaineDOT conducts trainings which non-state entities attend and provide some funding to offset the cost of the training. Maine law requires that state agencies have separate conference accounts for such purposes. There is nominal allocation in each year of the biennium.

CALLAHAN MINE SITE RESTORATION

Callahan Mine Site Restoration is an Other Special Revenue program for mitigation expenses for the Callahan Mine Site Restoration program. The funding of this account had been provided by the General Fund.

- 4) The **Callahan Mine Site Restoration baseline request** on page 43 is for \$740,000 each year. There are no initiatives in this program.

The state of Maine, through MaineDOT, has been working on the Callahan Mine Superfund site since 2005. The state is a “potentially responsible party” for site cleanup under the federal Superfund law due to ownership of submerged lands and mining royalties received. To date, approximately \$7.4 million has been allocated for site investigation and remedial design work. We anticipate that our current design efforts will be completed in the next year and EPA will implement the design work over their next two-year cycle.

As a potentially responsible party, the state of Maine has had to pay for 100% of the investigatory and design work. Following submission of what we anticipate will be the final remedial design in mid-

2023, the United States Environmental Protection Agency (USEPA)-will undertake actions to clean up the site. Under the terms of a settlement Agreement with the USEPA, the federal government is liable for 90% of this remedial work with the remaining 10% provided by the State of Maine. It is estimated that remedial work at the site may approach \$52 million. This work will center on mitigating human health and environmental concerns at the site.

CHARGING INFRASTRUCTURE

Charging Infrastructure is a program that was established in the Maine Jobs and Recovery Act, PL 2021, c. 483 using the Federal American Rescue Plan funding to expand state, municipal and other publicly accessible electric vehicle charging stations and related infrastructure.

- 5) The Charging Infrastructure baseline request on page 44 is \$500 in each year.

FLEET SERVICES

Fleet Services is an Internal Service Fund that provides a fleet of equipment and vehicles for the department which is used to perform the daily tasks of making Maine's transportation system more safe and efficient.

- 6) The Fleet Services baseline request on page 45 is \$36,605,622 for FY26 and \$36,999,603 for FY27.
- 7) The first Fleet Services initiative (Ref. # 150) adjusts funding for technology costs, reducing FY26 by \$51,438; and increasing FY27 by \$486,294 in anticipation of replacing the current system used to track and bill equipment usage.
- 8) The second Fleet Services initiative (Ref. # 151) is part of a larger initiative that eliminates 60 positions in the Bureau of Maintenance and Operations and uses a portion of those funds to support the reallocation of positions in the Highway & Bridge Capital program to more closely align with funding and work. The savings are also being used to invest in the rehabilitation of crew quarters and other facilities. This specific item eliminates one position assigned to the Fleet Services Fund program.

HIGHWAY AND BRIDGE CAPITAL

The **Highway and Bridge Capital** program provides for capital improvement of the state highway network in order to maintain a safe, efficient and effective infrastructure for all users of the system.

- 9) The Highway and Bridge Capital baseline request on page 47 is a Highway Fund request for Personal Services and All Other of \$46,868,304 for FY26 and \$47,508,305 for FY27. The Federal baseline amount is \$90,034,835 in FY26 and \$90,739,948 in FY27 and the Other Special Revenue Fund request is \$7,734,150 in FY26 and \$7,804,783 in FY27.

- 10) The first Highway and Bridge Capital item (Ref. # 162) provides funding for the Capital line for capital infrastructure projects at the anticipated level of available Highway Fund revenue. This initiative allocates \$50,730,000 in FY26 and \$48,181,872 in FY27.
- 11) The second item (Ref. # 163 and 164) provides funding for capital infrastructure projects at the anticipated level of available federal funding for \$532,000,000 - \$32,000,000 in All Other and \$500,000,000 in the Capital Expenditures line for each year in the Federal account and \$148,000,000 in FY26 and \$168,000,000 in FY27 for the Other Special Revenue account.
- 12) The third Highway and Bridge Capital item (Ref. # 165) on page 48 adjusts funding for technology costs. This is an increase in the highway fund of \$3,122,891 in FY26 and \$2,043,729 in FY27.
- 13) The fourth Highway and Bridge Capital item (Ref. # 166) provides one-time All Other allocation in the Highway Fund account for costs related to capital projects including renting equipment, use of consultants, and pre-buying of materials. This item is \$8 million in each fiscal year and is related to Ref. # 135 in the Maintenance & Operations program, which provides the offset reduction in Highway Fund allocation.
- 14) The fifth Highway and Bridge Capital item (Ref. # 167-169) on page 48 reallocated positions in the department to better align their work with funding sources. This increase in the Highway Fund of \$2,994,227 (FY26) and \$3,067,060 (FY27), is offset by a portion of the savings realized from eliminating 60 crew positions. In addition, the reallocation resulted in a reduction in the Federal Expenditures Fund account of \$3,309,338 (FY26) and \$3,387,601 (FY27); and a reduction in the Other Special Revenue Fund account of \$21,047 (FY26) and \$21,152 (FY27).
- 15) The sixth Highway and Bridge Capital item (Ref. # 170) on page 49 establishes two positions to manage and facilitate infrastructure adaptation projects. A portion of these positions will be supported by federal funds as you will see in Ref. # 222 on page 53.

HIGHWAY LIGHT CAPITAL

The Highway Light Capital program provides for light capital improvements of the state highway network, primarily through light capital paving.

- 16) The Highway Light Capital baseline request on page 51 is a Highway Fund request for All Other of \$2,925,000 for FY26 and \$2,925,000 for FY27.
- 17) The first Highway Light Capital item (Ref. # 210) on page 51 is a Highway Fund allocation of \$17,900,000 in FY26 and \$16,621,524 in FY27.
- 18) The second Highway Light Capital item (Ref. # 211) is the authority to spend the cash available after the repayment of bonds from the funds previously transferred to the Maine Municipal Bond Bank TransCap Trust Fund. This is an allocation of \$20,000,000 in both years of the biennium.
- 19) The third Highway Light Capital item (Ref. # 212) on page 51 provides personal services allocation in the Highway Fund to allow MaineDOT to provide approximately 700 miles of light capital paving per year and other related work. This is an allocation of \$3,150,001 in FY26 and in FY27.

INFRASTRUCTURE ADAPTATION FUND

Infrastructure Adaptation Fund is a program that was established in the Maine Jobs and Recovery Act, PL 2021, c. 483 using the Federal American Rescue Plan for the municipal, regional and state infrastructure adaptation improvements that support public safety and emergency management and infrastructure resiliency. In the last biennial budget, PL 2023, c. 412, Part JJJJ, \$7.5M was transferred to the Other Special Revenue Funds account for this program to support municipal culvert program and to provide matching state funds if federal grant opportunities arose. This program also received \$50M in response to the storms last winter for rebuilding working waterfronts and supporting inland resiliency efforts; PL 2023 c. 643, Part UUUU.

- 20) The **Infrastructure Adaptation Fund baseline request** for the ARP State Fiscal Recovery account is on page 53 and is a nominal \$1,500 in each year of the biennium.
- 21) The first item (Ref. # 221) on page 53 provides funding for personal services in the Other Special Revenue Funds account supporting infrastructure adaptation-focused projects. The amount is \$528,521 in FY26 and \$528,681 in FY27.
- 22) The second item (Ref. # 222) relates to the two positions establish in Ref. # 170 in the Highway and Bridge Capital program. Those positions are split-funded between the Highway Fund and the Federal Expenditures Fund.
- 23) The third item (Ref. # 223) on page 53 provides nominal allocation in the Federal Expenditures Fund account to allow this program to receive and expend federal funds.

LOCAL ROAD ASSISTANCE PROGRAM

The **Local Road Assistance Program** is a Highway Fund account that provides municipalities with financial assistance for their use in maintaining and improving public roads. This program is required by law, 23 MRSA § 1803–B(1)(D), which provides that 9% of the total MaineDOT Highway Fund Budget be dedicated for this purpose.

- 24) The **Local Road Assistance Program baseline request** beginning on page 55 is a request of \$25,343,795 in both FY26 and FY27.
- 25) The first **Local Road Assistance Program** item (Ref. # 141) is the Local Road Assistance amount related to the other Highway Fund initiatives. This initiative increases the allocation by \$6,201,000 in FY26 and \$5,874,042 in FY27.
- 26) There is a language item as well – Part H on page 84 – that changes the base upon which the LRAP funding is based back to MaineDOT’s Highway Fund allocation that supports construction and maintenance of highways and bridges. Even with this change LRAP’s funding increases 25% over the last biennium.

MAINTENANCE AND OPERATIONS PROGRAM

The **Maintenance and Operations Program** provides for the maintenance of the infrastructure of interlocking state and state aid highways, summer and winter service to 8,800 lane miles designated as state highway, including the removal of snow and ice from the travel surface, the maintenance of all appurtenances and the maintenance of facilities associated with the proper and safe utilization of the system by the motoring public.

- 27) The **Maintenance and Operations baseline request** on page 56 is a Highway Fund request for Personal Services and All Other of \$220,913,907 for FY26 and \$224,162,747 for FY27. The Federal baseline amount is \$6,177,372 in FY26 and \$6,192,150 in FY27, the Other Special Revenue Fund request is \$1,374,886 in each year and the Industrial Drive Facility Fund request is \$500,000 in each year.
- 28) The first **Maintenance and Operations** item (Ref. # 133) on page 56 is a request of \$600,000 in each of the fiscal years for the purchase of capital equipment to be used in the maintenance of the transportation system including culvert thawers, flagger devices, cargo trailers and chippers.
- 29) The second **Maintenance and Operations** item (Ref. # 134) is an increase of \$603,977 in FY26 and \$751,595 in FY27 for technology costs.
- 30) The third **Maintenance and Operations** item (Ref. # 136 and 137) on page 57 reflects the savings associated with eliminating 60 crew positions. The department has had difficulty keeping these positions filled, and in the interest of prudent fiscal management, decided to eliminate these positions to offset the increases in other areas. Specifically, in costs associated with the reallocation of positions to align work with funding sources. In addition, a portion of these savings is being dedicated to the rehabilitation of crew quarters and other maintenance facilities (Ref. # 138). The savings realized from these positions equal Highway Fund allocations of \$5,424,728 in FY26 and \$5,579,606 in FY27; and Federal Expenditure Fund allocations of \$627 and \$587.
- 31) The final **Maintenance and Operations** item (Ref. # 138) is an increase of allocation of about \$2.5M in each year to rehabilitate facilities such as crew quarters and the testing lab. The investment of funds into making work conditions more acceptable is part of an overall effort to improve workplace satisfaction, which will hopefully improve recruitment and retention.

MULTIMODAL -AVIATION

Multimodal - Aviation is a Federal and Other Special Revenue program that provides, plans, promotes and executes the coordinated development of all facets of aviation within the State of Maine.

- 32) The **Multimodal - Aviation baseline request** on page 59 is a Federal Fund request of \$1,585,782 in each year for federal aviation grants. The request for the Other Special Revenue program is \$1,209,575 in FY26 and \$1,220,957 in FY27.
- 33) The first **Multimodal - Aviation** item (Ref. # 122) is a request for Federal Capital expenditures of \$300,000 per year for a biennial request of \$600,000.

34) The second item (Ref. # 123) on page 59 is based on the reallocation of positions to better align work with funding sources. This position was previously budgeted in another account.

MULTIMODAL- FREIGHT RAIL

The Multimodal – Freight Rail program includes federal funds that provide support for the enhancement and increased safety of railroads throughout Maine and support for Commercial Vehicle Information Systems for interstate and intrastate motor carrier and vehicle safety status information, and Other Special Revenue funds that are used for capital and other freight needs.

35) The Multimodal - Freight Rail baseline request on page 61 is a Federal Fund request of \$113,213 in FY26 and \$113,217 in FY27, and a Special Revenue Fund request of \$1,730,967 in FY26 and \$1731,707 in FY27.

36) The Multimodal - Freight Program item (Ref. # 156) is a capital allocation of \$10 million per year in the Federal account.

MULTIMODAL - ISLAND FERRY SERVICE

Multimodal - Island Ferry Service consists of a Highway Fund account and an Enterprise account. The Highway Fund provides support to the Maine State Ferry Service as ferries are an integral part of the highway system, carry motor vehicles and are the only method of vehicular transportation available to and from the islands. Per PL2005, c.664, Part C the state support to the Marine Highway account may not exceed 50% of the budgeted revenues that support the operating cost of the Maine State Ferry Service. The Enterprise account is the operating account which includes the total budget of the Ferry Service. The Ferry Service provides regularly scheduled service to islands in Penobscot Bay which includes service to Vinalhaven, North Haven, Islesboro, Swans Island, Frenchboro and Matinicus from mainland facilities in Rockland, Lincolnville and Bass Harbor.

37) The Multimodal – Island Ferry Service baseline request on page 63 is \$7,602,896 in each year for the Highway Fund and \$16,121,346 in FY26 and \$16,311,415 in FY27 for the Enterprise Fund.

38) The first Multimodal – Island Ferry Service item (Ref. #189) is an increase for technology costs in the Island Ferry Services Fund for \$254,401 in FY26 and \$391,299 in FY27.

39) The second Multimodal – Island Ferry Service item (Ref. # 190) on page 63 is an increase in the Highway Fund for \$496,352 in FY26 and \$591,837 in FY27 to adjust the state support to 50%.

40) The third Multimodal – Island Ferry Service request (Ref. # 191) on page 63 is the reallocation of positions to align the work with the funding. In this case, a position that had been previously budgeted in another account is being moved to this program.

41) The fourth Multimodal – Island Ferry Service item (Ref. # 192) on page 64 continues and makes permanent six positions previously created by Financial Order. This is an increase in the Highway

Fund of \$315,197 in FY26 and \$330,986 in FY27 and in the Island Ferry Services Fund \$630,393 in FY26 and \$661,972 in FY27.

- 42) The fifth Multimodal – Island Ferry Service request (Ref. # 194 and 195) adjusts the hours on positions to reflect the actual need of the program. Primarily this initiative affects the ticketing positions by increasing hours to make positions full-time or half-time for the full year. Because of the addition of hours, overall this increases legislative count. This initiative increases Highway Fund allocation by \$93,238 in FY26 and \$93,760 in FY27; and in the Enterprise Fund by \$186,476 in FY26 and \$187,520 in FY27.
- 43) The final Multimodal – Island Ferry Service request (Ref. # 196) on page 65 provides funding for a temporary services contract for mariner services. This is a Highway Fund cost of \$500,000 in each year; and an Enterprise Fund increase of \$1,000,000 in each year.

MULTIMODAL – PASSENGER RAIL

The Multimodal – Passenger Rail program is the state account that exists to pay the state match for the operations of the Northern New England Passenger Rail Authority. The funds are used to match the estimated \$8 million of federal funding which is a combination of Federal Highway Administration, Congestion Mitigation, Air Quality funding and Federal Transit Administration State of Good Repair funding each year of the biennium. These funds are received directly by the Northern New England Passenger Rail Authority outside of the state budget process.

- 44) The Multimodal – Passenger Rail baseline request on page 66 is \$3.8 million in each year.

MULTIMODAL - PORTS AND MARINE

The Multimodal - Ports and Marine program includes the Boating Infrastructure Grants (BIG) - a federal Department of Interior two-part formula and competitive grant program authorized for states to construct and enhance facilities for transient recreational boaters who operate vessels 26 feet long or larger, and an Other Special Revenue Fund that provides support for the development of cargo ports and intermodal facilities so that existing international trade is efficiently handled and new growth is enhanced.

- 45) The Multimodal - Ports and Marine baseline request on page 67 includes \$1,650,000 in each year in the Federal Expenditures Fund, and \$388,797 in FY26 and \$397,983 in FY27 in Other Special Revenue Fund.
- 46) The Multimodal - Ports and Marine initiative (Ref. # 127) is to provide \$50,000 per year for Capital in the Federal Expenditures Fund, and reduce allocation in the All Other line by \$1,200,000 in each year.

MULTIMODAL - TRANSIT

Multimodal – Transit is a Federal and Special Revenue program to provide the development and maintenance of a permanent and effective public transportation system with particular regard to low-income, elderly persons and persons with disabilities.

- 47) The Multimodal - Transit baseline request on page 69 is a Federal Fund request of \$8,554,752 for FY26 and \$8,564,937 in FY27 and Other Special Revenue request of \$1,407,896 in FY26 and \$1,407,969 in FY27. The baseline also has nominal allocation in The ARP State Fiscal Recovery and the ARP federal accounts.
- 48) The first Multimodal - Transit item (Ref. # 177) on page 69 is a request for funding for capital purchases in the federal account in the amount of \$4 million per year.
- 49) The second Multimodal - Transit item (Ref. # 178 and 179) on pages 69 and 70 is the Transit program's portion of the reallocation of positions to align work with funding sources. This reallocates costs from the Federal Expenditures Fund account to the Other Special Revenue Funds account.

MULTIMODAL TRANSPORTATION FUND

Multimodal Transportation Fund program is a Federal Fund and Other Special Revenue fund that accumulates revenue from car rental tax, railroad excise tax and aviation fuel to be used for the purposes of purchasing, operating, maintaining, improving, repairing, constructing and managing the assets of multimodal forms of transportation. In addition, in the last biennial budget, a Highway Fund allocation was created for this program. This program includes, but is not limited to, transit, aeronautics, marine and rail, of the State, municipalities and multimodal providers. Funds are then distributed to specific multimodal accounts to be used for each mode.

- 50) The Multimodal Transportation Fund baseline request on page 71 is a request of \$5,000,000 in each year in the Highway Fund, \$1,209,519 in each year in the Federal Funds and \$9,848,470 in FY26 and \$9,859,832 in each year in the Other Special Revenue Fund. The baseline also includes nominal allocation in the federal ARP State Fiscal Recover account.
- 51) The first Multimodal Transportation Fund item (Ref. # 203) on page 71 provides Highway Fund allocation for Capital Expenditures of \$12,000,000 in FY26 and \$9,234,180 FY27.
- 52) The second Multimodal Transportation Fund item (Ref. # 204) on page 72 provides capital allocation in the Other Special Revenue Funds account of \$17,000,000 in FY26 and \$20,000,000 in FY27.
- 53) The third Multimodal Transportation Fund item (Ref. # 205) is this program's portion of the initiative that reallocation of positions to realign work with funding source.
- 54) The fourth Multimodal Transportation Fund item (Ref. # 206) provides allocation for engineering services performed by department staff. This is a request of \$619,677 in FY26 and \$633,359 in FY27.

55) The final Multimodal Transportation Fund item (Ref. #207) adjusts allocation to utilize the available resources in the amounts of \$1,152,503 in FY26 and \$768,314 in FY27 based on the Revenue Forecasting Committee report of December 2024.

RECEIVABLES

Receivables is a Special Revenue account that provides a funding mechanism that allows the department to provide and be reimbursed for services to various municipalities and other local governmental agencies. It also allows for the accumulation of special project costs and the reimbursement of these costs.

56) The Receivables baseline request on page 74 is a request of \$1,011,220 in FY26 and \$1,011,250 in FY27. There are no initiatives in this program.

STATE INFRASTRUCTURE BANK

The **State Infrastructure Bank** is an Other Special Revenue program that provides a financing mechanism to allow greater flexibility and additional funds for transportation infrastructure projects by making loans available to eligible counties, municipalities, state agencies, quasi-state government agencies and public and private utility districts.

57) The State Infrastructure Bank baseline request on page 75 is an Other Special Revenue Fund request of \$150,000 in each year. There are no initiatives in this program.

SUPPLEMENTAL TRANSPORTATION FUND

The Supplemental Transportation Fund is an Other Special Revenue program recently created to receive revenue from fines paid by violators of Maine's mobile handheld electronic device laws to be used for transportation related projects and services.

58) The Supplemental Transportation Fund baseline request on page 76 is an Other Special Revenue Fund request of \$100,500 in each year. There are no initiatives in this program.

TRANSPORTATION FACILITIES FUND

Transportation Facilities Fund is an Internal Service Fund that provides an organized and managed program to address the ongoing capital and maintenance needs of the department's more than 600 buildings.

59) The Transportation Facilities Fund baseline request on page 77 is a request of \$3,000,000 in each year. There are no initiatives in this program.

LANGUAGE

60) Part D – Page 81

This language item authorizes any balance over \$100,000 in the unallocated balance of the Highway Fund to the Highway and Bridge Capital, Highway and Bridge Light Capital, Maintenance and Operations, and Multimodal Transportation programs for capital needs. This has been included in Highway Fund budgets in recent memory as a way to make sure any available balances are used for transportation purposes, but this language adds the Multimodal Transportation program as an acceptable use of the funds.

61) Part E – Page 82

This language authorizes any personal services balances in the Highway and Bridge Capital, Highway and Bridge Light Capital, Maintenance and Operations, and Multimodal Transportation programs to be transferred to capital or all other needs within the Department. Again, this provision has been included in past Highway Fund budgets as a way to make sure any available balances are used for transportation purposes. This submission includes the Multimodal Transportation program in acknowledgement that this program now has a Highway Fund allocation.

62) Part F – Page 83

This is the language section for which MaineDOT is proposing an amendment. The amended language accomplishes three things: (i) increases authorization to issue revenue bonds through the Maine Municipal Bond Bank from \$200 million to \$250 million; extends the authority through the end of FY27; and diversifies the funding to the TransCap Trust Fund to allow revenue bond proceeds to be used for all transportation infrastructure including highway, bridge, and multimodal projects.

- (i) The TransCap Trust Fund currently receives a portion of fuel tax revenue and a portion of certain motor vehicle registration fees. In order to increase the bonding authority, deposits to the TransCap Trust Fund must be increased. That increase is offset by reducing the direct allocation of Highway Fund to MaineDOT as can be seen in the last section of this amendment.
- (ii) This amended language extends the authority to issue bonds through the end of this biennium. Due to unexpected infusions of cash, MaineDOT was able to delay issuance of the bonds.
- (iii) The use of TransCap revenue bond proceeds must be consistent with any limitations on use of the revenues directed to the payment of debt service on those bonds. Currently, the revenue used to pay debt service is constitutionally limited to highway and bridge construction and maintenance, which means that bond proceeds cannot be used for multimodal transportation infrastructure. Therefore, this proposed change would retain the fuel tax percentage going to the TransCap Trust Fund; redirect the motor vehicle fees portion to the Highway Fund; and direct a portion of the auto-related sales tax to the TransCap Trust Fund. The auto-related sales tax is not included in the constitutionally protected revenue sources to the Highway Fund, and therefore if it is used to pay for the debt-service, the TransCap bond proceeds can be used for all transportation infrastructure projects.

The TransCap Trust Fund issued revenue bonds beginning in 2008 to help fund transportation. This language authorizes an additional \$250 million to be issued in the upcoming biennium.

This is not a change in the tax rate, nor is it an increase of the auto-related sales tax that is diverted from the General Fund. This increases the funding statutorily dedicated to the TransCap Trust Fund by \$9.3M in FY26 and \$9.6M in FY27.

63) Part G – Page 83

Currently, unexpended Highway Fund balances in highway and bridge construction and maintenance programs carry from year to year to provide some flexibility for the inherent timing and administrative issues that permeate complex infrastructure projects. This language adds the Multimodal Transportation program. Previously, funding for multimodal infrastructure was primarily in other special revenue accounts, which are non-lapsing accounts.

64) Part H – Page 84

This language makes Local Road Assistance Program funding proportional to the Highway Fund budget for highway and bridge construction and maintenance. This is a rational basis for calculating the LRAP funding. Using this formula, LRAP funding this biennium is 25% higher than it was last biennium.

**MAINE DEPARTMENT OF TRANSPORTATION PROPOSED
AMENDMENT TO**

**L.D. 274 “An Act Making Unified Allocations from the Highway Fund and
Other Funds for the Expenditures of State Government and Changing
Certain Provisions of the Law Necessary to the Proper Operations of State
Government for the Fiscal Years Ending June 30, 2025, June 30, 2026 and
June 30, 2027”**

L.D. 274

AMENDMENT “ “ to L.D. 274, “An Act Making Unified Allocations from the Highway Fund and Other Funds for the Expenditures of State Government and Changing Certain Provisions of the Law Necessary to the Proper Operations of State Government for the Fiscal Years Ending June 30, 2025, June 30, 2026 and June 30, 2027”

Amend LD 274 by deleting Part F and insert the following:

PART F

**Sec. F-1. Amend authorization to issue TransCap Trust Fund revenue bonds in PL 2023
c. 3, Part F as follows:**

Authorization to issue TransCap Trust Fund revenue bonds. Notwithstanding any provision of law to the contrary, the Maine Municipal Bond Bank, at the request of the Department of Transportation, is authorized to issue TransCap Trust Fund revenue bonds as provided in the Maine Revised Statutes, Title 30-A, section 6006-G from time to time in amounts that in total do not exceed \$200,000,000 \$250,000,000 from the effective date of this Part through fiscal year 2024-25 2026-27 for the purpose of making capital improvements to the State’s transportation infrastructure.

Section F-2. 30-A MRSA §6006-G, sub-§§1 & 2 are amended to read:

1. Establishment; purposes. The TransCap Trust Fund, referred to in this section as "the fund," is established in the custody of the bank to provide transportation capital investment for the Department of Transportation and municipalities in accordance with this section. The purpose of the fund is to provide financial assistance for the planning, design, acquisition, reconstruction and rehabilitation of transportation capital improvements of all modes including

improvements that will forward the asset management goals set forth in Title 23, section 73, subsection 7 and section 4210-B, subsection 3.

2. Administration. The bank shall administer the fund. The fund must be invested in the same manner as permitted for investment of funds belonging to the State or held in the State Treasury. The fund must be established and held separate from any other funds or money of the State or the bank and used and administered exclusively for the purpose of this section. The fund consists of the following:

A. Sums that are transferred to the fund from time to time by the Treasurer of State pursuant to Title 36, section 2903, subsection 6; and Title 36, section 3203, subsection 4; and Title 36, section 1821; and [PL 2009, c. 652, Pt. A, §43 (AMD).]

~~B. Sums transferred to the fund from time to time by the Treasurer of State pursuant to Title 29 A, section 453, subsection 2; Title 29 A, section 501, subsection 1; Title 29 A, section 504, subsection 1; and Title 29 A, section 603, subsection 1; and [PL 2009, c. 411, §1 (AMD).]~~

B. E. Other revenues or funds including:

- (1) Principal and interest received from the repayment of loans made from the fund;
- (2) Capitalization grants and awards made to the State or an instrumentality of the State by the Federal Government for any of the purposes for which the fund has been established. These amounts must be paid directly into the fund without need for appropriation by the State;
- (3) Interest earned from the investment of fund balances;
- (4) Private gifts, bequests and donations made to the State for any of the purposes for which the fund has been established;
- (5) The proceeds of notes or bonds issued by the State for the purpose of deposit in the fund;
- (6) The proceeds of notes or bonds issued by the bank for the purpose of deposit in the fund; and
- (7) Other funds from any public or private source received for use for any of the purposes for which the fund has been established.

Section F-3. 36 MRSA §1821 is amended to read:

Beginning July 1, 2023, and every July 1st thereafter, the assessor shall notify the State Controller of the amount of revenue attributable to the sales tax collected under this Part at the rate of 5.5% for the first 6 months of the prior fiscal year from automobile dealers licensed by the Bureau of Motor Vehicles pursuant to Title 29-A, chapter 9 and the amount of revenue attributable to the sales and use tax imposed at the rate of 5.5% and collected under this Part by the Bureau of Motor Vehicles for the first 6 months of the prior fiscal year.

Beginning October 1, 2023, and every October 1st thereafter, the assessor shall notify the State Controller of the amount of revenue attributable to the sales tax collected under this Part

at the rate of 5.5% for the last 6 months of the prior fiscal year from automobile dealers licensed by the Bureau of Motor Vehicles pursuant to Title 29-A, chapter 9 and the amount of revenue attributable to the sales and use tax imposed at the rate of 5.5% and collected under this Part by the Bureau of Motor Vehicles for the last 6 months of the prior fiscal year.

When notified by the assessor, the State Controller shall transfer 40% of the amount in the notice, after the reduction for transfer to the Local Government Fund pursuant to Title 30-A, section 5681, subsection 5, from the General Fund to the Highway Fund. The State Controller shall transfer 22% of the amount transferred to the Highway Fund to the TransCap Trust Fund established in Title 30-A, section 6006-G.

Section F-4. 29-A MRSA §453, sub-§2 is amended to read:

2. Fee. The annual administrative fee for a vanity registration plate is \$25 in addition to the regular motor vehicle registration fee. The administrative fee must be credited to the General Highway Fund, ~~except that \$10 of the administrative fee must be transferred on a quarterly basis by the Treasurer of State to the TransCap Trust Fund established by Title 30-A, section 6006-G.~~ A sum sufficient to defray the cost of this program must be allocated annually from the General Highway Fund.

Section F-5. 29-A MRSA §501, sub-§1 is amended to read:

1. Automobiles; pickup trucks. The fee for an automobile, a pickup truck registered for 6,000 pounds or less or a sport utility vehicle used for the conveyance of passengers or interchangeably for passengers or property is \$35. The fee for a pickup truck registered for more than 6,000 pounds but no more than 10,000 pounds is \$37.

An automobile or sport utility vehicle used for the conveyance of passengers or property is a "combination" vehicle and may be issued a special plate with the word "combination" instead of "Vacationland." A passenger vehicle used under contract with the State, a municipality or a school district to transport students must be designated as "combination." A vehicle owned or operated by parents or legal guardians is exempt from this subsection.

Commercial plates may not be issued for or displayed on an automobile.

A sport utility vehicle may be registered either as an automobile or a truck. A sport utility vehicle with a gross vehicle weight or combined gross vehicle weight in excess of 10,000 pounds and used in the furtherance of a commercial enterprise must be registered as a truck according to its actual gross weight as provided in section 504.

The gross weight of a pickup truck registered as provided by this subsection may not exceed 10,000 pounds. An owner of a pickup truck who operates the pickup truck with a gross weight in excess of 10,000 pounds or the pickup truck drawing a semitrailer with a combined gross weight in excess of 10,000 pounds must register the truck as provided in section 504.

A combination of vehicles consisting of a motor vehicle and a camp trailer is not required to be registered for the gross weight of the combination.

Beginning July 1, 2009 and ending June 30, 2025, \$10 of the fee must be transferred on a quarterly basis by the Treasurer of State to the TransCap Trust Fund established by Title 30-A, section 6006-G.

Section F-6. 29-A MRSA §504, sub-§1 is amended to read:

1. Truck or truck tractor. For a truck or truck tractor equipped with pneumatic tires, the following annual registration fee schedule applies.

A. For gross weight from 0 to 6,000 pounds, the fee is \$35.

Beginning July 1, 2009 and ending June 30, 2025, \$10 of the fee must be transferred on a quarterly basis by the Treasurer of State to the TransCap Trust Fund established by Title 30-A, section 6006-G.

Section F-7. 29-A MRSA §603, sub-§1 is amended to read:

1. Fee of \$33. A fee of \$33 must be paid to the Secretary of State for the following:

A. A report of a search of the records of the Bureau of Motor Vehicles for each name or identification number;

B. Filing an application for a first certificate of title, including security interest;

C. Filing notice of a security interest after the first certificate of title has been issued;

D. A certificate of title after a transfer;

E. A certificate of salvage;

F. A corrected certificate of title or salvage

G. A duplicate certificate;

H. Assignment of a new vehicle identification number;

I. A 2nd or subsequent security interest noted on an application for certificate of title;

J. Filing an assignment of a security interest; or

K. An ordinary certificate of title issued on surrender of a distinctive certificate.

Beginning July 1, 2009 and ending June 30, 2025, \$10 of the fee must be transferred on a quarterly basis by the Treasurer of State to the TransCap Trust Fund established by Title 30-A, section 6006-G.

For a person who possesses a trailer or semitrailer registration pursuant to section 512, subsection 3, the fee is \$18.

F-8. Appropriations and allocations. The following appropriations and allocations are made.

**TRANSPORTATION, DEPARTMENT OF
Highway and Bridge Capital 0406**

HIGHWAY FUND	2025-26	2026-27
Capital Expenditures	(\$4,433,500)	(\$4,602,923)

	TOTAL	(\$4,433,500)	(\$4,602,923)
OTHER SPECIAL REVENUES FUND Capital Expenditures	2025-26 \$5,000,000	2026-27 \$5,000,000	
	TOTAL	<u>\$5,000,000</u>	<u>\$5,000,000</u>

Highway Light Capital Z095

OTHER SPECIAL REVENUES FUND Capital Expenditures	2025-26 \$524,578	2026-27 \$918,034
	TOTAL	<u>\$524,578</u>

Local Road Assistance Program 0337

HIGHWAY FUND All Other	2025-26 (\$767,337)	2026-27 (\$796,660)
	TOTAL	<u>(\$767,337)</u>

Multimodal Transportation Fund Z017

HIGHWAY FUND Capital Expenditures	2025-26 (\$4,092,462)	2026-27 (\$4,248,852)
	TOTAL	<u>(\$4,092,462)</u>
OTHER SPECIAL REVENUES FUND Capital Expenditures	2025-26 \$25,000,000	2026-27 \$25,000,000
	TOTAL	<u>\$25,000,000</u>

TRANSPORTATION, DEPARTMENT OF DEPARTMENT TOTALS

HIGHWAY FUND All Other Capital Expenditures	2025-26 (\$767,337)	2026-27 (\$796,660)
	TOTAL	<u>(\$767,337)</u>
OTHER SPECIAL REVENUES FUND Capital Expenditures	2025-26 \$30,524,578	2026-27 \$30,918,034

	TOTAL	\$30,524,578	\$30,918,034
DEPARTMENT TOTAL – ALL FUNDS	2025-26	2026-27	
All Other Capital Expenditures	(\$767,337)	(\$796,660)	
	\$21,998,617	\$22,066,260	
	TOTAL	\$21,231,280	\$21,269,600

Summary

Part F amends the authority to issue a TransCap revenue bond from the TransCap Trust Fund at the Maine Municipal Bond Bank that was part of PL 2023, c. 3. It increases the size of the bond authorized from \$200,000,000 to \$250,000,000 and allows a longer time in which to issue the bonds. These bond proceeds are used for capital transportation infrastructure projects.

This Part also simplifies, increases and diversifies the revenue streams transferred to the TransCap Trust Fund for revenue bond debt service and underwriting requirements. This Part continues the existing portion of fuel taxes and adds a portion of the auto-related sales tax transferred to the Highway Fund as revenue streams so that bond proceeds can be used for all transportation capital projects – highway, bridge, and multimodal. This Part also eliminates the transfer of the portion of registration fees that went to the TransCap Trust Fund.