## Testimony of Mainers for Smarter Transportation In Support of LD 1292:

An Act To Codify The Maine Turnpike Authority's Contributions To The Highway Fund With Regard To The Sensible Transportation Policy Act

April 8, 2025

Senator Nangle, Representative Crafts, and Honorable Members of the Joint Standing Committee on Transportation. My name is Myles Smith, I live in Portland, and I am one of the volunteer organizers of Mainers for Smarter Transportation, an all-volunteer group. We are here today to support LD 1292.

When we set out a year ago to stop the wasteful and destructive expansion of the Maine Turnpike to Gorham, none of us were particularly knowledgeable about or even curious about MTA's larger revenue or spending policies. What we found is an unsustainable and unjustifiable imbalance in how we fund our transportation system.

On the one hand, we have the Turnpike Authority, which generates a surplus of over \$40 million per year. On the other hand, we have the state Highway Fund, which is about \$150 million short of what it needs next year, mostly to maintain existing roads. Then there's our municipalities, which pay \$300 million per year for their road costs, and MMA reports they can not afford to pay this either.

Meanwhile, the Sensible Transportation Policy Act, enacted by the Legislature as the result of a citizen referendum in 1991, "Require(s) that the full range of reasonable transportation alternatives be evaluated for all significant highway construction or reconstruction projects and give(s) preference to transportation system management options, demand management strategies, improvements to the existing system, and other transportation modes before increasing highway capacity through road building activities." The Legislature set this policy, but it does not actually limit the road building activities of the MTA.

The STPA did not slow down the MTA in spending \$145 million to widen the Turnpike in the Portland area, despite the fact that traffic on state-owned I-295 was 30% higher. It did not stop the Gorham Connector, despite the fact that all of the MTA's projections of future traffic growth were wrong. Next, the MTA wants to continue its widening campaign north to the Falmouth Spur to a ridiculous six lanes, even though there are never traffic delays on this segment.

None of these projects align with the STPA. Yet, the MTA is set to borrow and spend hundreds of millions, mostly because it can.

So, this bill attempts to bring our funding for transportation back towards balance. We estimate this bill would transfer \$200 million in MTA reserves and surpluses to the highway fund over the upcoming biennial budget period.

While the DOT and MTA describe a system that works well and is not broken, we see a system that ensures that the MTA never actually contributes any toll surpluses to the DOT. Instead, the MTA simply counts some selected projects in its own work plan as its 5% contribution. The Maine DOT does not choose these projects, they are often not good value-for-money choices, and they are almost always directed back to the Maine Turnpike itself.

We would welcome amendments to this proposal that would increase the 5% contribution significantly, while also providing real cash transfers to the Maine DOT with the flexibility needed to program those funds to our state's actual priorities. Maine DOT is currently advancing projects like the Deer Isle-Stonington Causeway, the Machias dike bridge, and North Windham moves street safety and mobility project and many others. All of these projects come with significant federal funding, the availability of which is under serious doubt. We need to mobilize every dollar we can to our most critical projects, which we know will pay dividends in increased safety, mobility, and economic activity.

Maine's current law <u>allows for the MTA to issue bonds to finance DOT projects</u>, and that the Authority may be maintained specifically for this purpose. Should certain bonds require retirement or reissuance in the case of the cancellation of a project, nothing in this law would prevent those actions, either. Nothing in this bill would question the obligation of the MTA to repay its debts.

The MTA and its supporters will argue that it is unfair to ask toll payers to fund non-turnpike purposes. Well, according to the MTA, they're already doing so with the 5% operating revenue formula. Also, is it fair that drivers heading from Sebbatus or Leeds or Poland need to pay a toll to get to Portland, but those from our richest towns like Falmouth or Cumberland or Yarmouth do not? The historical coincidence of the MTA's creation before the Federal Highway Act results in an inherently unfair toll system, which persists decades later.

LD 1292 is a reasonable approach to closing our Highway Fund gap. It recognizes the Turnpike is a key part of the state's transportation system, with both benefits and obligations to the rest of the system. The MTA enjoys a state-created monopoly on nearly all commerce coming in and out of the state. No one lives on the Turnpike. It is merely a segment of a journey to and from the places where we live and work and visit, and where goods and services are produced and delivered. All of those places are accessed by Turnpike users, who pay for one segment of their journey directly, but not for other segments. All of these other pieces of the transportation system must function well in order for the Turnpike to be of any use. This bill aims to close this unsustainable imbalance, largely with revenue from out-of-staters.

Instead of allowing the MTA to spend its surplus on itself, often in ways that encourage sprawl, increase pollution, and raise costs for municipalities, we should use these resources to benefit all Mainers. As such, we urge you to pass LD 1292.

Thank you and I look forward to the discussion.

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	<u> </u>	- 2	2024 Amount	An	nount Allowed		; !
2	Account	_	(12/31/24)	U	nder New Bill		-
3	REVENUE FUND	\$	31,473,413	\$	56,641,227		1
4	DEBT SERVICE FUND	\$	43,881,455	\$	43,881,455		1
5	DEBT SERVICE RESERVE FUND	\$	22,336,138	\$	22,336,138		1
6	RESERVE MAINTENANCE FUND	\$	22,064,850	\$	42,000,000		; ;
7	GENERAL RESERVE FUND						1
8	Interchange Account	\$	24,478,909		ľ		. ,
9	Improvement Account	\$	93,478,076				; }
10	DOT Provision Account	\$	231				
11	Subordinated Debt (MDOT)	\$	2,542,109	\$	2,542,109		:
12	SUM	\$	120,499,325	\$	2,542,109		1
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14	TOTAL	\$	240,255,181	\$	167,400,929		1
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16	Surplus of Rese	rves	at FY 2024 End:	: \$	72,854,252		į
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18	2025 Approved Budget				2026 Proposed	Budget	
19	Estimated Net Tolls	\$	171,670,527	Esti	mated Net Tolls		\$ 173,816,409
20	Estimated Concession Rental	\$	5,905,052	Esti	mated Concessior	n Rental	\$ 5,964,103
21	Estimated Investment Income	\$	8,581,000	Esti	mated Investmen	t Income	\$ 8,581,000
22	Estimated Miscellaneous	\$	3,949,454	Esti	mated Miscellane	ous	\$ 3,949,454
23	Estimated Total Revenues	\$	190,106,033	Esti	mated Total Reve	nues	\$ 192,310,965
24							
25	Total Operating Expenses	\$	51,492,024	Tota	al Operating Expe	nses	\$ 56,132,905
26	Debt Service Fund	\$	41,488,028	Deb	t Service Fund		\$ 44,392,528
27	Reserve Maintenance Fund	\$	42,000,000	Res	erve Maintenance	Fund	\$ 42,000,000
28	Subordinated Debt Service Fund	\$	2,442,800	Sub	ordinated Debt Se	ervice Fund	\$ 2,442,800
29	Total Expenses	\$	137,422,852	Tota	ıl Expenses		\$ 144,968,233
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31	Additional 2025 Surplus	\$	52,683,181	Add	itional 2026 Surpl	us	\$ 47,342,732
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33	TOTAL CURRENT RESERVE A	ND E	UDGETED SUR	PLUS	THROUGH 2026:	\$172,880,165	
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Joint Projects (Estimated)   Joint Projects	-	5,377,823	5,481.09	2 6,351,319	6,449,502	6,703,108	7,018,982	7,202,667	7,403,357	7,574,426	6,075,366	7,283,617	8,617,832	9,220,047	9,275,940	9,217,160	9,444,637	9,544,102	11,923,114	12,058,961	12,528,1
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Rolling 3 Year Average [120,313] [2,175,041] [7,166,564] [6,519,185] [4,510,797] [69,804] [1,095,268] [3,840,195] [5,044,223] [11,352,696] [13,701,599] [17,955,103] [30,217,280] [44,346,157] [60,209,961] [56,670,804]	P2VA		1		1120 2121	12.125.041	D 168 (CA)	16 S19 18E1	(4 510 707	(R) enat	(1,099,200)	(3.840.195)	(5.044,223)	(11.352,696)	(13,701,599)	(17.955,103)	(30,217,280)	(44,346,157)	(60,209,961)	(56,670,804)	(45,213,42

Note: The 5% law (23 M.R.S.A Sec. 1961) took effect in 2012 with the three year rolling average becoming effective in 2014.