



Janet T. Mills
GOVERNOR

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

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



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.

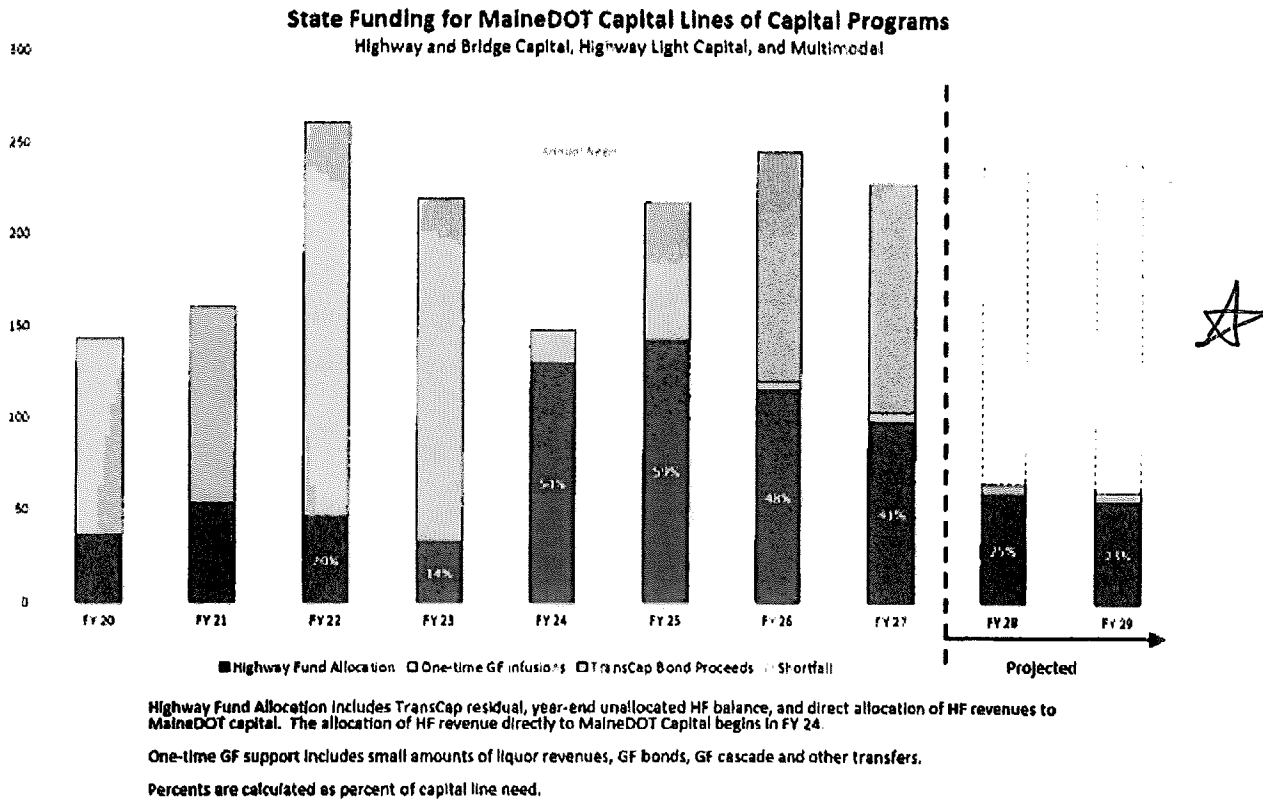
This TransCap bond is critical. It eliminates the need this biennium for any General Fund support including GF bonding, a prudent strategy given current GF budgetary challenges. Without the TransCap bond, this Budget and MaineDOT's Work Plan do not work, and huge adjustments would be required.

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.

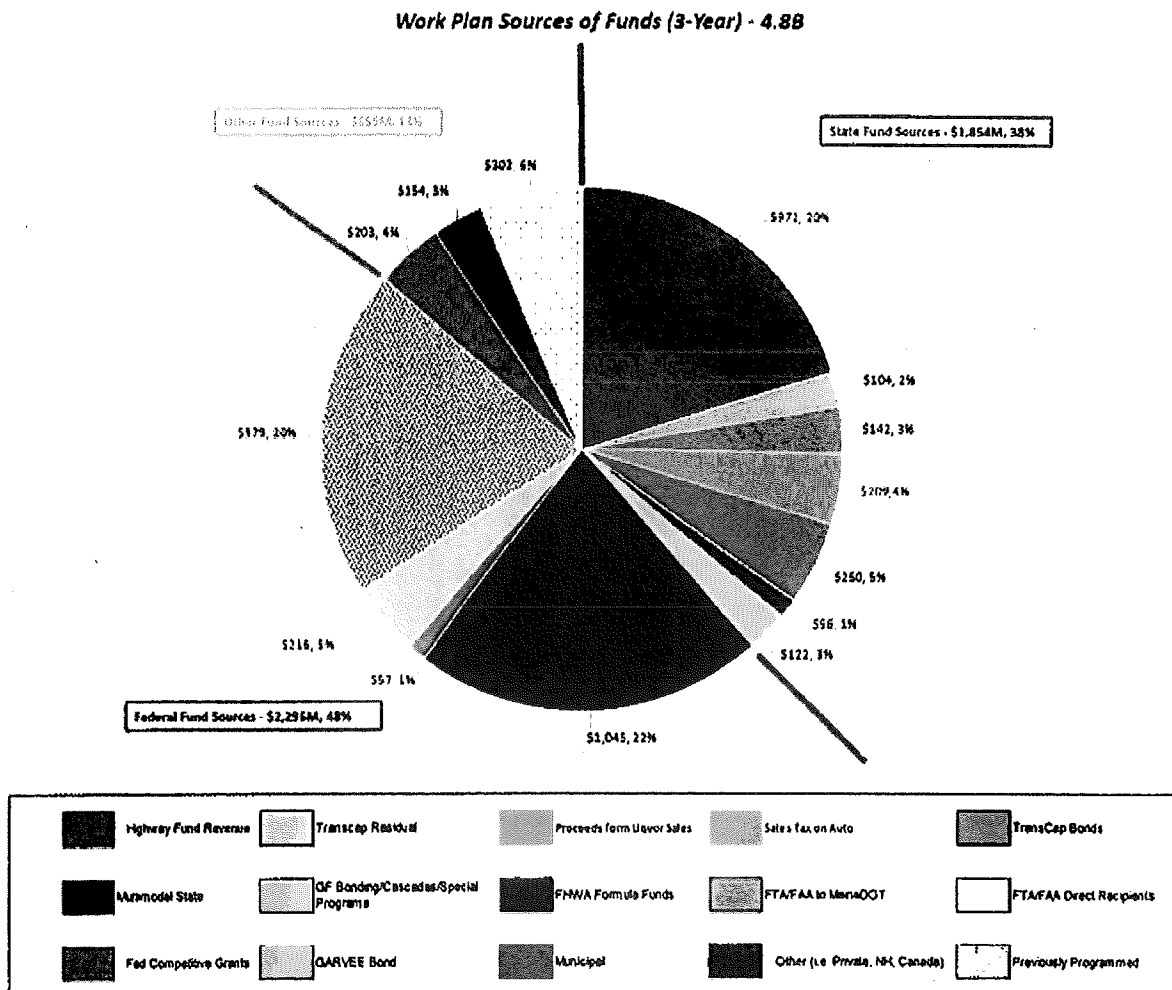


As you can see, unless something significant changes, the state capital line funding provided from budgeted HF revenue will drop from more than half in the FY 24-FY25 biennium, to a little less than half in the FY26-FY 27 biennium covered by LD 274, to about 25% in the next biennium. This means the one-time, 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



Janet T. Mills
GOVERNOR

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

Bruce A. Van Note
COMMISSIONER

**Testimony of
Bruce Van Note, Commissioner
Maine Department of Transportation
Before the 132nd Legislature, Joint Standing Committee on Transportation**

In Opposition to

**LD 1804
*An Act Concerning Funding and Oversight of Transportation Matters***

May 6, 2025

Senator Nangle, Representative Crafts, and distinguished members of the Joint Standing Committee on Transportation, my name is Bruce Van Note. I am the Commissioner of the Maine Department of Transportation. The bulk of LD 1804's provisions appear to represent reasoned improvements that would clarify and increase oversight of transportation, something worthy of consideration and passage. However, because LD 1804, as written, also contains a provision that would structurally increase the fiscal challenges in the General Fund, I appear in opposition to this bill.

As noted, LD 1804 has many positive elements that clarify and update provisions that, in my experience, may be able to earn widespread support. Updating the definition of "transportation infrastructure" to cover all transportation modes and related facilities, establishing baseline levels of capital funding level for transportation infrastructure that reflect MaineDOT's core capital-related mission, confirming this Committee's long-standing jurisdiction over the Highway Fund, updating transportation procurement statutes to reflect supply chain realities and streamline delivery, and strengthening oversight of procurement by MaineDOT and the Maine Turnpike Authority all appear to promote good government.

Further, clarifying jurisdictional and funding boundaries between the General and Highway Funds (the Funds) is something that has been discussed by both the Appropriations and Transportation Committee members over many years. I have observed the extraordinary amount of work and coordination required by the split funding of the State Police and other DPS programs between the Funds. Clarifying jurisdiction and funding through changes to the dedication of certain revenue streams, as proposed by LD 1804 – net liquor proceeds and automobile-related sales and use tax - and by consolidating the State Police budget in the General Fund may also be worthy of discussion *if* it was done after a full consideration of impacts and in a revenue neutral manner between the Funds. However, LD 1804 as written – including the proposed future increase of automobile-related sales and use tax allocated to the Highway Fund from 40% to 60% - would create a shift in funding from the General Fund to the

Highway Fund. As Commissioner of Transportation, I can appreciate the sponsors' goals. As set forth in my testimony on LD 274, the FY26-FY27 Highway Fund budget, there are big challenges ahead regarding transportation capital funding needed in future biennia. However, after consideration of the needs of all of State government and the current and future challenges in the General Fund, I as a member of the larger Administration team must oppose such a shift, and thus LD 1804 as written.

I look forward to working with you at work sessions on this bill and would be happy to answer any questions you may have.