



Testimony of Matt Marks Against LD 259 as Amended

An Act to Increase Waste Handling Fees Imposed on the Landfilling of Municipal Solid Waste and Construction and Demolition Debris

Committee on Environment and Natural Resources

March 7, 2022 9:00 AM

Senator Brenner, Representative Tucker, and Distinguished Members of the Committee on Environment and Natural Resources. My name is Matt Marks; I am a resident of Scarborough and testifying on behalf of AGC Maine.

I am testifying against the amended bill and sharing perspective on the construction industry's continued cost increases. This additional tax will add costs to Mainers who face rising prices across all products and services. AGC started publishing a monthly guide to assist contractors, developers, and project owners of projected rising costs related to materials and services when the pandemic started. In March 2020, AGC became concerned with cost increases and supply-chain issues.

In Maine, we saw supply chain issues very early in the pandemic. It started with access to materials in states that refused entry by companies picking up or delivering products. That was accelerated by the eventual shutdown of facilities manufacturing materials and those who had staffing shortages. While we tracked the rising costs, it was clear heading into the late part of this season, and the market was encountering some of the most significant spikes in a generation.

Companies are now forced to make difficult decisions regarding ongoing projects where suppliers cannot or are unwilling to honor prices for essential materials used to build our public and private infrastructure. While some materials are in short supply, others face delays with importing materials, prohibition by trade agreements, or simply the cost of inputs such as energy or production spikes.

Soaring by 24.1% between June 2020 and June 2021, materials and services analyzed and published by the United States Department of Labor continue to provide barriers to completing projects on budget. In the figure below, you can see the changes outlined in the chart on construction. That number has real impacts; for perspective, Maine DOT recently testified that construction cost inflation was up about 40% over three years.

Currently, school projects are seeing the same challenges, informing AGC Maine products such as foam insulation, tile, kitchen equipment, and roofing materials have the potential for extraordinary costs. We are also facing a significant cost increase with fuel and electricity. The retail price of diesel fuel reached a nearly 8-year high at \$3.95 on February 7th, an increase of 41% from a year earlier. The rise in energy costs does not appear to be on track to decline soon.

I share all of that information because our industry, still re-building in many ways, may bear the initial burden of materials and services increases. Still, eventually, that is passed onto the consumer. By increasing the price of construction and demolition debris from \$2/ton to \$10 ton, we reduce the value of dollars invested into critical infrastructure.

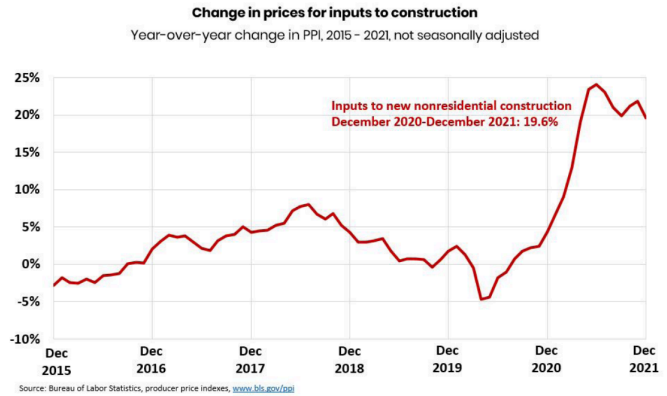
Below is a chart that demonstrates the material costs increases. Please consider that any additional costs contribute to the construction services provided to Mainers.

Price increases for construction inputs

Year-over-year change in December PPI

Construction materials	2020	2021
Steel mill products	5.2%	127%
Plastic construction products	5.4%	34%
Aluminum mill shapes	-1.7%	30%
Copper and brass mill shapes	24%	23%
Gypsum products	3.6%	21%
Lumber and plywood	37%	18%
Architectural coatings	1.9%	14%
Asphalt felts and coatings	2.1%	12%
Used by contractors		
Diesel fuel	-2.8%	55%
Truck transport of freight	2.2%	18%
Construction machinery and equipment	1.1%	10%
Truck and offroad tires	0.3%	11%

Source: Bureau of Labor Statistics, producer price indexes, www.bls.gov/ppi



AGC Maine is concerned that rising costs will significantly reduce the capacity for job growth, tackling the backlog in infrastructure needs and providing the end product for consumers that meets the demand. At this time, we encourage the Committee to reject this new disposal tax.

Respectfully submitted by,

Matt Marks, AGC Maine

AGC Maine is a commercial construction trade association and a Chapter of AGC America. Members are diversified businesses: open shop, union, employee-owned, general contractors, construction managers, specialty contractors, service providers, and developers. AGC Maine provides safety, management, and technical training. AGC Maine is a liaison for member companies with federal, state, and local regulatory agencies.