

Senator Nangle, Representative Stover and Esteemed Members of the Joint Standing Committee on State and Local Government, my name is Stephen Capone and I am the President of Capone Iron Corporation in Rowley, MA and Berlin, NH. I am also the President of the Steel Fabricators of New England (SFNE). Our organization has hundreds of members who employ thousands of employees across New England, including a significant number in Maine. I am writing in support of LD 1983, "An Act to Establish the Maine Buy American and Build Maine Act".

SFNE is an organization of 120 member companies, steel fabricators and related industry support companies. Our members employ over 1000 steel fabricators and countless numbers of upstream and downstream professionals, suppliers' vendors and service people. Currently there are five steel fabrication member shops located in ME, plus at least another twelve non-member steel fabrication shops of all sizes in ME as well. Combined, these shops employ many hundreds of people, and additionally, all of the various suppliers and service people who rely on their business.

We are very interested in Senator Jackson's Buy America, Build Maine bill, and we have previously promoted similar bills in New Hampshire, which were successfully signed into law, including SB 195 in August of 2023. Currently, we have two bills filed in Massachusetts. We fabricators are here today, testifying in person, remotely, and through submitted testimony about an archaic public procurement policy that has plagued the domestic steel fabrication industry for many years; a policy that allows award to the lowest bidder, not always the most economic or environmentally responsible bidder.

Our problem is that we lose over 95% of public structural steel construction projects to foreign companies because we face unfair competition due to currency exchange rates and generous subsidies offered by their governments. They don't work under the same rules we have to abide by here in the United States. Additionally, they are not paying taxes here or complying with local, state and federal laws and regulations. Because of factors like these, foreign competition has been allowed to overrun our steel construction industry and basically wipe out our opportunity to work on most public projects.

These factors all contribute to *their* economies and benefit *their* communities, promoting growth and investment into *their* factories, not ours. We simply can't compete and therefore can no longer even justify the expense to bid on most public construction projects.

What makes this matter even worse is that this is all happening with our own tax dollars that are collected to fund the building of the construction of these public structures. On one hand you're reading my testimony, but on the other hand, you may think at face value that saving money by buying foreign fabricated steel is a good deal for the state but we need to look at this another way. Although at a discounted rate, the funds spent on foreign steel simply evaporate from our economies and communities.

- There is no return on investment
- There are no opportunities for growth and investment into our factories
- There are no new jobs produced or existing ones preserved
- There is no additional local economic development spurred by spending
- There are no revenues generated to drive the Economic Multiplier (which currently is at minimum a multiple of 1.5X)
- All we are doing is invigorating foreign industry, foreign economies and communities. By doing such, we're funding the demise of ours with our own tax dollars; our tax dollars which were assessed and paid by the hardworking people and companies here in this country.
- These are our tax dollars, not theirs but we aren't benefitting from them; foreign nations, economies and communities are, even though they don't pay for them. Something is fundamentally wrong with this type of irresponsible spending and policy. It needs to be corrected!

The alternative to this type of irresponsible policy and spending is that work gets fabricated domestically, invigorates the Economic Multiplier at 1.5X which equates to substantial domestic revenue generated that stays here, benefitting our economy, our communities, creating jobs, encouraging investment and growth to our industry and ultimately creating additional taxes revenues, all starting from the initial tax dollars that were used to fund the projects in the first place. Instead of what appears to be an upfront savings from buying foreign fabricated steel at a discount, we would be responsibly reinvesting back into our own economic cycle and generating money every time the cycle completes. It is time for us to usher in an era of New Economic Patriotism.

It's easy to see that by keeping the work local, our tax dollars, which we all pay into, are funding our public construction projects and are yielding additional revenues for the benefit of our economies and communities, not those of foreign nations. This is the Better Deal for Maine. Twenty other states already have similar Buy American Laws, including New Hampshire.

In addition to the economic impact benefits, by keeping the work here, the carbon footprint of our fabricated steel from SOURCE TO SITE is much lower, too, and will contribute substantially to sustainability and climate goals. Domestic steel is the cleanest in the world, whether it's mined or recycled here in the USA.

Neighboring foreign fabricators import most of their raw structural shapes globally from non-climate friendly sources that produce higher carbon emissions because they do not adhere to the strict EPA rules and regulations followed here in the US. They then ship their products across the oceans adding additional unnecessary carbon emissions to our climate.

Additionally, transportation to jobsites from neighboring foreign fabricators adds even more carbon footprint to their fabricated products due to the extra mileage at a 6 to 1 ratio as opposed to local fabrication shops. This does not fit with responsible climate goals. However, if the work went to a local fabricator, it's clear to see again that it would be a Better Deal for Maine!

Giving consideration of all the testimony submitted, written and verbal, buying domestic, source to site, fabricated structural steel is Better for the Environment, Better for Our Economy and a Better Deal for Maine.

Thank you for considering my testimony and I will always be available to answer any questions.



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