

Testimony of Maria Fuentes  
Maine Better Transportation Association  
Joint Standing Committee on Transportation

*LD 1210 – “An Act to Establish a Maine Highway Capital Fund to Provide Consistent Funding for the Construction and Repair of Maine’s Roads and Bridges”*

April 6, 2023

Senator Chipman, Representative Williams, and members of the Joint Standing Committee on Transportation. My name is Maria Fuentes, Executive Director of the Maine Better Transportation Association (MBTA), and on behalf of the MBTA, I speak today in support of LD 1210.

Our organization represents over 700 members who plan, design, build, maintain, or use our transportation system including transportation contractors, engineers and suppliers, bus and rail companies, airports and port interests, and others committed to investing in our transportation infrastructure to boost the state’s economy and quality of life.

Members of this committee are aware of the needs of our transportation system. Maine has an underperforming Highway Fund, and this has been the case for decades. Since fuel tax revenues have essentially remained flat, the Highway Fund has not enjoyed the prosperity experienced by the General Fund. This is no surprise since its main funding source is the per-gallon excise tax, which is declining as fuel efficiency continues to increase, and hybrid and electric vehicles increase in popularity. Like many states, we have been waiting for years for the federal government to step up and fully support the states – as they did when the country built the interstate - but that partnership is not as robust as it once was. Federal fuel taxes have not been increased since 1993, so Washington has been continually sending the signal to states that they are left to their own devices relative to maintaining their transportation infrastructure.

Certainly, a bright note in Washington has been the passage of the Bipartisan Infrastructure Law (BIL). While the formula funding for the states only increased marginally given inflation, there are new grant programs available to pursue. Maine has done exceptionally well in securing these grants, largely due to Senator Susan Collins’ seat on the Senate Appropriations Subcommittee, and her passion for making transportation a top priority. You have heard MaineDOT talk about how Maine is likely to continue to be very successful with the grant programs, which they consider a possible game-changer.

But MaineDOT has a challenge in terms of state matching funds. We wonder whether Maine could be eligible for even more grant funding, if the Department knew they could produce more matching funds. In other words, the state match could be an obstacle in being able to support federal grant funds.

MaineDOT’s state highway fund budget is on life support, and this is not a new problem. The Department has done cost-cutting, belt tightening, and even reclassified their entire highway system so that scores of miles of roads can expect nothing more than “Light Capital Paving (LCP),” – which we used to call “Skinny Mix” - once every seven years. But as the state gets more desperate for funds, we abandon more parts of our transportation system. For several years now, MaineDOT reaffirmed their focus away from rehabilitation and highway reconstruction, and toward more preservation. Current funding levels have driven our Department of Transportation to minimize their highway reconstruction program. Instead, it has had no choice but to make skinny mix and other pavement treatments the core of their highway capital program.

The goal used to be to complete 600 miles of LCP and it has since been increased to 700 miles. LCP is used for “basket case” roads that need some type of treatment, so the road will not completely fail. It has become the core of MaineDOT’s program because they do not have the resources to do some of the safety projects like rehabilitation, or reconstruction, on existing roads.

Testimony of Maria Fuentes  
Maine Better Transportation Association  
Page Two

*LD 1210 - An Act to Establish a Maine Highway Capital Fund to Provide Consistent Funding for the Construction and Repair of Maine's Roads and Bridges*

The funding problem is not a new one, and we are fortunate for the increasing General Fund contributions that prop up the HF. Since the King Administration, every governor and Legislature have supported paying back DOT general obligation bonds with General Fund revenues. That is a considerable contribution. The state is fortunate that the Governor and past Legislatures have recognized that the highway budget is cratering, and Governor Mills has proposed, and the Legislature has passed, significant funding from the General Fund for the Highway Fund – not just bonding, but direct appropriations, and more. This Committee has certainly helped by looking at the percentage that the State Police spends on transportation-related issues, and changing the percentage of what is paid to them by the HF so that it is in line with the time they are spending on traffic issues.

To their credit, MaineDOT has historically ranked highly in studies that show they have low administrative costs compared to many other states, and that they use their scant resources efficiently. They have cut their overhead and operations significantly. In fact, over the course of a few budget cycles, MaineDOT reduced its workforce by approximately 20%. That is unheard of for an agency.

But there is only so much cutting and prioritization that a state agency can do. This committee created, and the Legislature passed, the TransCap program which took a percentage of existing fuel taxes and sent them to the Maine Municipal Bond banks to issue revenue bonds for projects that, by statute, needed to be capital projects, or those with at least a ten-year life. Skinny mix would not fit within that definition. So, what has happened in ensuing biennia is that the Administration puts in language, it is accepted by the Legislature, and those funds are allowed to be used for projects with less than a ten-year life, specifically skinny mix. That way, those funds can be used for a program that is supposed to be paid for by state cash instead of borrowing.

We understand that this bill does not offer a solution or funding mechanism for the proposed capital fund, but we agree that it is needed, and should be pursued with conversations about how to fund capital projects in Maine. One start may be to look at the recommendations of the [Blue Ribbon Commission To Study and Recommend Funding Solutions for the State's Transportation Systems](#), completed during the 119<sup>th</sup> Legislature.

Again, even though we hear that transportation has oodles of money due to the federal law, Maine desperately needs money for capital cash in their budget, like they used to have and which they need to fund federal dollars. We appreciate the sponsor recognizing this and putting in a bill to continue the conversation.

Thank you for the opportunity to testify on behalf of MBTA.