



## **Testimony in Opposition to LD 2213: The 2026 Supplemental Highway Budget**

“An Act Making Supplemental Allocations from the Highway Fund and Other Funds for the Expenditures of State Government and Changing Certain Provisions of the Law Necessary to the Proper Operations of State Government for the Fiscal Years Ending June 30, 2026 and June 30, 2027”

Senator Nangle, Representative Crafts, and distinguished members of the Committee on Transportation, my name is Harris Van Pate, and I serve as policy analyst for Maine Policy Institute. Maine Policy is a free market think tank, a nonpartisan, nonprofit organization that advocates for individual liberty and economic freedom in Maine. Thank you for the opportunity to provide testimony in opposition to the Governor’s supplemental highway budget proposal.

This Highway Fund supplemental budget largely consists of administrative adjustments, carry-forwards, transfers between accounts, and technical provisions necessary to manage the operations of state government. While these adjustments may be routine, they also highlight a broader issue: Maine’s transportation policy continues to focus on short-term budget management rather than structural reform of the Highway Fund and the state’s long-term infrastructure strategy.

At a time when Maine faces significant infrastructure needs and long-term transportation revenue uncertainty, the Legislature should use opportunities like this supplemental budget to address structural issues in the transportation finance system rather than simply maintaining the status quo.

### **Transportation Revenue Should Support Transportation Infrastructure**

Maine currently dedicates only a portion of vehicle sales tax revenue to the Highway Fund. Approximately 40 percent of sales tax collected from vehicle purchases is directed toward transportation infrastructure, while the remaining share flows into the General Fund.

Vehicles are inherently transportation-related purchases, and the roads and bridges those vehicles depend on require ongoing maintenance and investment. Expanding the dedication of vehicle sales tax revenue from 40 percent to 100 percent would strengthen the Highway Fund without raising taxes on Maine residents.<sup>1</sup>

---

<sup>1</sup> The Highway Vehicle Sales Tax transfer as described in 36 MRS §1821



Redirecting existing transportation-related revenue to transportation infrastructure would provide a more stable and transparent funding structure for maintaining Maine's road network.

### **Prioritize Maintenance of Existing Infrastructure**

Maine's transportation system includes thousands of miles of roads and a large inventory of bridges that require continuous upkeep. Maintaining this infrastructure should remain the central mission of Highway Fund spending. However, Maine law does not clearly establish a statutory prioritization that ensures maintenance and repair of existing infrastructure takes precedence over expansion projects or new commitments.

Establishing a clear "maintenance-first" policy would help ensure that limited transportation dollars are focused on preserving the infrastructure that Maine residents and businesses rely upon every day. Maintaining existing assets is generally more cost-effective than allowing infrastructure to deteriorate and later requiring full reconstruction.

### **Improve Transparency in Transportation Project Costs**

Infrastructure projects are often complex, and costs can evolve over time. Policymakers and taxpayers benefit when project estimates, timelines, and cost changes are clearly documented and publicly available.

The Legislature should consider requiring more regular reporting on major transportation projects, including original cost estimates, updated projections, delays, and cost overruns. Transparent reporting would strengthen legislative oversight and help ensure that transportation dollars are used efficiently. Greater visibility into project performance allows policymakers to better evaluate how infrastructure funds are allocated and managed.

### **Expand Competitive Contracting and Efficient Project Delivery**

Maine has begun using design-build procurement methods in certain circumstances, but broader authority could help improve project efficiency and reduce costs.

Design-build procurement allows a single contractor to manage both design and construction phases, reducing administrative complexity and accelerating project timelines. Expanding the availability of competitive contracting methods can increase competition, encourage innovation, and ensure that taxpayers receive the greatest value



from transportation spending. Efficient project delivery ultimately stretches limited transportation dollars further.

### **Plan for Long-Term Highway Fund Sustainability**

Like many states, Maine relies heavily on fuel taxes to finance transportation infrastructure. Over time, improvements in vehicle fuel efficiency and changing transportation technologies place downward pressure on this revenue source. Maine's frequent subsidization of electric vehicle infrastructure seems contradictory to the transportation budget's funding system, and puts a downward pressure on Highway revenue.

A long-term analysis of Highway Fund revenue trends and infrastructure needs would help policymakers better understand future challenges and identify opportunities to improve efficiency within the current system. Planning for the long-term sustainability of the Highway Fund would allow Maine to address potential funding gaps through thoughtful policy reform rather than reactive short-term adjustments.

### **Protect Transportation Revenues for Transportation Uses**

Public trust in transportation funding depends on the assurance that transportation-related revenues are used for transportation purposes. Strong safeguards that protect Highway Fund resources from diversion help ensure that drivers' taxes and fees are dedicated to maintaining the infrastructure those drivers rely upon.

Maintaining clear boundaries around the use of transportation revenues strengthens fiscal transparency and accountability.

### **Conclusion**

While this supplemental budget contains routine administrative adjustments necessary to manage state operations, it does little to address the structural challenges facing Maine's transportation system. Maine has an opportunity to strengthen the long-term sustainability of the Highway Fund by:

- Increasing the dedication of vehicle sales tax revenue to transportation infrastructure
- Prioritizing maintenance of existing roads and bridges
- Improving transparency around transportation project costs
- Expanding efficient procurement and competitive contracting
- Conducting long-term Highway Fund sustainability planning



- Protecting transportation revenues for transportation purposes

These reforms would help ensure that Maine's transportation system remains reliable, efficient, and fiscally responsible for years to come. Thank you for your time and consideration. We look forward to working with the committee to improve Maine's transportation policy framework and ensure that taxpayer resources are used effectively.