

Why borrowing to fix roads and bridges puts Mainers at risk



Beth Brogan | BDN

Bonds have become so common that the Maine Department of Transportation's work plan assumes that it will get bond money each year through 2020. But current events have shown that they're a political tool subject to the whims and foibles of a fractured government.

By [Michael Shepherd](#), BDN Staff • Updated: July 2, 2018 5:38 pm

AUGUSTA, Maine — There is probably nothing more unifying in Maine's contentious politics than borrowing lots of money to improve the state's transportation system, but recent events at the State House have also showed why it may be a poor policy.

Maine has [issued bonds since the 1950s](#) to construct and improve highways, roads and bridges, but these kinds of general transportation bonds didn't become regular until the 1990s. That said, borrowing for transportation maintenance has intensified during the past eight years amid problems with state and federal highway funding.

Since 2001, voters have agreed to borrow nearly \$832 million for transportation, with more than half of that resulting from five bonds authorized by voters since 2012. The lowest share of voter approval for any of those bonds was 61 percent in 2016.

They typically sail through the Legislature and are applauded by all sides — until now. Gov. Paul LePage, who has always backed transportation bond questions, recently shocked transportation interests by [refusing to authorize the sale of \\$117 million](#) in voter-approved bonds.

That's not all. Lawmakers are embroiled in partisan disputes on several issues in Augusta. Republicans in the House of Representatives have hit their Democratic counterparts for not holding a vote on another \$105 million transportation bond that would go to voters in November if it receives two-thirds support in both chambers.

Taken for granted

Bonds have become so common that [the Maine Department of Transportation's work plan](#) assumes it will get \$100 million in bond money each year through 2020. But while bonds are popular, current events have shown they're a political tool subject to the whims and foibles of a fractured governing system.

"It seems as though most sessions it's one of the last things they get done," Maria Fuentes, the executive director of the Maine Better Transportation Association, said of legislators. "Often one or both parties will use the bond package as leverage, which I understand. There are obviously other priorities as well."

There are more reasons bonds aren't ideal. Obviously, one must pay to borrow. State Treasurer Terry Hayes' office said Maine will pay \$30 million in interest on \$321.5 million in transportation bonds that were issued after voter authorization from 2012 to 2016. Another 26 states also allow the same type of bonding for transportation.

Maine pays bonds back over a 10-year period. It's easier for politicians to borrow sums this large than to find \$100 million for transportation in the state's annual revenue stream. Hayes, an independent gubernatorial candidate, noted that interest rates have been relatively low in recent years.

But Peter Mills, executive director of the Maine Turnpike Authority, called bonds "a political crutch" that keeps lawmakers from making difficult decisions and shifts highway funding to the state budget over time.

Gas tax dries up

Even with the bond money, the state Transportation Department [estimates a \\$59 million gap](#) between highway and bridge maintenance allowed with current funds and the level needed to meet state goals. That can't be understood without looking at embattled state and federal highway funds.

In 2016, [the Congressional Budget Office estimated](#) \$107 billion in additional funding would be needed to maintain current spending levels between 2021 and 2026. The federal gas tax hasn't been raised since 1993, and more fuel-efficient vehicles are inhibiting that tax method.

In the 2017 and 2018 fiscal years, 41 percent of funding support for Maine's work plan came from the Highway Fund — one of two budgets passed by the Legislature every two years. Federal funds made up 33 percent of it, and bonding made up 20 percent. Of that entire pool of money, 60 percent went to core road and bridge maintenance.

The pool of revenue in Maine's Highway Fund was smaller in 2017 than it was in 2006. LePage has [opposed increasing Maine's gas tax](#), which is middle of the pack among states, and he and fellow Republicans [eliminated indexing of that tax in 2011](#). Vehicle licenses and fee revenue now makes up a higher share of funding than it did in 2006.

LePage and his administration have been open to a federal gas tax hike, fees on hybrids and electric vehicles, increased taxes on vehicles and shifting some sales tax revenue on transportation-related items to the Highway Fund. Large-scale solutions haven't moved forward in the Legislature, including [a current proposal](#) that would raise the gas tax.

Ted Talbot, a spokesman for the state Transportation Department, said all of this has led it to "get creative" and try to maximize limited funding. But Matt Marks, the CEO of Associated General Contractors of Maine, said the state will eventually need to find a balanced solution to filling the gap itself.

“The question is when do we come to a point where we say, ‘Hey, we’ve got to start investing real dollars. We can’t keep plugging this hole, and we can’t keep doing it when it comes to politics,’” he said. “It just doesn’t work, and it’s a temporary fix.”

But under the circumstances, Marks and Fuentes will cheerlead bonds. Mills said he has always voted for them. You likely have, too. Any transportation money is still better than none to most.

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