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**BLUE RIBBON
COMMISSION:
AUGUSTA,
WE HAVE
A PROBLEM**

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AUGUSTA, WE HAVE A PROBLEM

A blue ribbon commission meeting this fall promises to shine the spotlight on a growing problem in Maine's transportation funding

By Kathryn Buxton



DURING THE last regular session of the Maine Legislature, lawmakers passed L.D. 945: Resolve, To Establish the Blue Ribbon Commission to Study and Recommend Funding Solutions for the State's Transportation Systems. This fall, the commission has begun meeting with the goal of presenting a report on transportation funding options to the legislature in advance of the next session. Few transportation insiders believe that the commission will be able to establish a definitive and sustainable solution for the current annual funding shortfall, estimated at \$140 million by MaineDOT.

Still, there is a cautious sense of optimism that getting members of the legislature, the public and representatives from the transportation community to sit down together and talk is a first step on the road to a solution. "First thing is for there to be a recognition that we have a problem," said Representative Andrew McLean (D-Gorham), one of the commission's co-chairs and a co-chair of the Maine Legislature's Transportation Committee. That will be essential, he said, to setting the stage for any action on the issue during the 2020 legislative session.

REACHING AN UNDERSTANDING

Representative Thomas H. Martin (R-Greene) submitted the bill that called for creation of the commission, and he is quick to credit his fellow Transportation Committee members, especially Representative McLean, for their work during the past few sessions to keep the discussion of transportation funding open and proposing solutions. The intent of this bill, he said, was to create the opportunity to expand those discussions outside the Transportation Committee and try to reach bipartisan agreement on the scope of the problem and begin to take steps to address it.

Martin, a former MBTA president who has a background in public works and construction, says the success of the commission will be incumbent on "the willingness of the members of the commission to reach out to their communities and explain that the money they pay in taxes and fees is well spent and there is a need to do more."

HOW BIG IS THE PROBLEM?

Blue Ribbon Commission Co-Chair Senator Bill Diamond (D-Cumberland) and co-chair of the Transportation Committee, takes

a more fundamental approach.

"Our first obligation is to see what the problem is and how serious it is," said Senator Diamond. He said agreeing on the facts is important because that will form the basis of everything else the commission does over the course of five to six meetings this fall. The seriousness of the problem, said Diamond, begins with that \$140 million gap that many believe is bigger.

MaineDOT does acknowledge the gap is bigger, if certain things are taken into account. "Add multimodal transportation, and we likely break the \$150 million threshold," said MaineDOT Public Information Officer Paul Merrill, adding "if the legislature hadn't approved the \$105 million bond [going to voters in November], that would have put our annual shortfall in excess of \$250 million."

SETTING THE STAGE

At the first meeting of the commission on September 17, much of the time was taken up by a presentation by MaineDOT Chief Engineer Joyce Taylor and MaineDOT Director of Results and Information Andrew Bickmore, who outlined the challenges the department faces, including a high number of annual bridge postings and closings, infrastructure stresses created by climate change, and pedestrian and driver safety issues related to aging or outdated infrastructure. The presentation also included an explanation of how delaying maintenance increases highway maintenance by as much to six to eight times the original cost. MaineDOT Commissioner Bruce Van Note, who is a member of the commission, and MaineDOT Finance Director Karen Doyle were also on hand to answer questions.

Former MBTA President Paul Koziell of CPM Constructors, Inc., is one of the 15 individuals appointed to the commission. He said the first meeting was a productive one. He said Taylor and Bickford "did an excellent job" explaining the present status of MaineDOT's budget constraints as well as the problem the agency faces in addressing maintenance and safety issues on a massive system that includes 8,812 miles of highway, 2,967 state-maintained bridges, three deep-water ports, 35 publicly owned airports, 337 miles of state-owned rail line, 22 public transit providers and 68 miles of ferry routes, among other assets. The commission also toured two job sites, one in Gardiner and one in Hallowell.

"It was a good introduction day," said Koziell. "Committee members asked thoughtful questions, and there seemed to be agreement that there

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Commission Co-Chair,
Representative Andrew
McLean

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Paul Koziell, President
CPM Constructors



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Representative Thomas H.
Martin

is a funding problem."

Still, Koziell is eager to see what comes next. "I am looking forward to the commission beginning to focus on solving the transportation funding problem," said Koziell. "I've never sat on a commission like this before, but I am very optimistic."

THE PROBLEM WITH BONDS

Commission Co-Chair Diamond also mentioned bonding as a concern. While transportation bonds traditionally have enjoyed majority support in the legislature and among voters, Diamond and others wonder about the sustainability of bonds as a way to fill the consistent and growing gap in MaineDOT's budget. This November, Maine voters will weigh in on the fourth of four annual \$100 million transportation bonds in as many years. That stopgap measure has been critical as vehicle fuel efficiency has increased and gas tax revenues have not kept pace with wear and tear on Maine's roads.

Still, Diamond warns against continuing using bonds as a regular revenue source. "Relying on a \$100 million bond every year is not a

good idea," said Senator Diamond. "It's bad economics. It's not sound budgeting."

MBTA President Paul Bradbury said many interested parties like himself are hoping that the commission will recommend a sustainable alternative to bonds as a way to fill the gap. Bonds, he notes, come with risks, like this year when the legislature waited until August to pass a transportation bond.

"I hope the commission considers our current use of bonds," said Bradbury. "Bonding is one of our important funding tools since it allows for infrastructure with a long life cycle to be paid over time. Bonds should be reserved for those significant long lasting projects like bridges and road reconstruction." Bradbury added: "Unfortunately, we may have become too reliant on short-term bonds funding routine work, and we should be wary of the risks associated with that."

LOOKING AHEAD

What the commission will ultimately recommend will be shaped in future discussions, and several members have topics they would like to

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Paul Bradbury, MBTA
President

What's on the table

At press time, it was unknown what solutions the commission will ultimately recommend, but most agree there are several funding concepts that are almost certain to be discussed.

They are:

F

FUEL TAXES

Maine currently levies a 30-cent per gallon tax on fuel sold in the state and a diesel fuel tax of 31.21-cents per gallon. The last time the fuel tax increased was in 2011. Maine's gas tax is ranked 24th out of the 50 states. At No. 1, Pennsylvania has the highest gas tax (58.70 cents / gallon) and Alaska is No. 50 (14.65 cents / gallon), according to the Tax Foundation. Drivers also pay 18.4 cents per gallon in federal fuel taxes, a rate that has not increased in more than 25 years.

Estimates are that Maine would generate \$7.5 million annually for every 1 cent increase in the state fuel tax. Many states have found this to be a viable option. Since 2013, 31 states have increased or adjusted taxes to raise transportation revenues, according to the Transportation Investment Advocacy Center, a project by the American Road & Transportation Builders Association.

T

TOLLING

Maine operates one toll highway, the Maine Turnpike. In 2018, the Maine Turnpike

Authority (MTA) raised \$138 million in toll revenue that was used to operate and maintain the 109-mile highway. Between 1982 and 2019, the MTA estimates it has contributed \$219 million to support Maine's transportation system, including debt service on MaineDOT-related transfers, interchange construction and other projects. Currently, the MTA is statutorily required to provide at least five percent of its net toll revenue to MaineDOT, which it does by providing maintenance for MaineDOT-owned highways and facilities and providing funding for various projects, including recent commitments to provide \$9.2 million toward the \$52.6 million cost to repair and rehabilitate the Piscataqua River Bridge and \$600,000 for MaineDOT's travel time sign project.

V

VEHICLE MILES TRAVELED

The commission is expected to explore the feasibility of a user-based fee based on the actual miles traveled. Several states are currently studying the feasibility of enacting such a fee. Maine currently is participating in one of those studies, the MBUF Pilot Program, a multi-state pilot by the I-95 Corridor Coalition.

A

ALTERNATIVE FUEL AND HYBRID VEHICLE FEES

As more Maine consumers and businesses turn to electric and hybrid vehicles, the impact on state fuel tax revenues promises to be significant. As of 2018, there were an estimated 19,000 hybrid vehicles and 410 electric vehicles registered in the state, and that number is

expected to increase as more Mainers look to reduce their dependence on fossil fuels. Earlier this year, Governor Janet Mills announced \$5 million in funding for a rebate program to encourage more Mainers to purchase electric vehicles. While fuel efficiency is good, each new, fuel-efficient vehicle means the state receives fewer dollars to maintain its transportation network.

Currently, Maine does not charge a fee for hybrid or electric vehicles, but 28 other states already do, and that is helping them to replace declining fuel tax revenue. Those annual fees range from \$50 per vehicle in Hawaii and Colorado to a high of \$235 per vehicle in Michigan for electric vehicles. For hybrids, the lowest fees are \$10-\$20 in Utah, and the highest fee is \$500 for plug-in hybrids in Missouri.

S

SALES TAX AND REGISTRATION FEES

Maine has over the years toyed with allocating sales tax proceeds from the purchase of transportation-related goods and services to the highway fund. MBTA members successfully advocated for passage of L.D. 1790: An Act to Secure Maine's Transportation Future in 2007. That bill called for a modest increase in motor vehicle registration fees, as well as setting aside 20 percent of state sales tax revenues from transportation-related purchases for the Highway Fund. The commission is likely to renew discussion of this funding option.

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see addressed. Commission member Senator Brad Farrin (R-Somerset) wants to see the group more closely define the problem. Farrin works for MiltonCAT and is well aware of the issues MaineDOT faces. He also notes that he represents one of the poorest counties in Maine and is wary of any solution that would regressively affect his constituents. To that end, he said he also hopes the committee will be judicious in how it addresses the funding problem. Farrin said: "To me, what we should be talking about is repair and maintenance of our existing infrastructure – what is the immediate need and how are we going to take care of the infrastructure that we've got."

The key to the commission's success, Farrin said, would be keeping focus and keeping the message simple. "Don't make this more complicated than it needs to be. We're not trying to solve Maine's whole transportation system. We need to zero in on funding for the infrastructure we have."

Representative McLean is looking forward to the final report the commission plans to submit and is hopeful that it will spark meaningful discussions – and a move to find a solution among his fellow legislators on both sides of the aisle.

"We don't drive on Democratic or Republican roads or bridges. We drive on Maine roads and bridges, and we need to find a solution that works for all Maine people," said McLean. "We have smart, thoughtful people on the commission, and I am optimistic we will come to a bi-partisan agreement, but we'd better do it soon because the longer we delay, the more it is going to cost." ■

MBTA will be following the commission's progress. Look for updates on Facebook and in Maine Trails.

About the Blue Ribbon Commission

IN AUGUST, Governor Janet Mills' office released a list of 15 citizens who will be serving on the commission. Members come from both chambers of the legislature, MaineDOT, Maine Turnpike Authority and different constituencies throughout the state.

The commission plans to hold five meetings between September and December. The schedule calls for wrapping up its study and presenting a report before the next legislative session begins in January 2020.

GOVERNOR'S APPOINTEES & OTHER STAKEHOLDERS

- Paul Koziell, President, CPM Constructors, Inc.
- Jess Mauer, Executive Director, Maine Council on Aging
- Gary Picard, Town Manager, Town of Madawaska
- Barry Pottle, President and CEO, Pottle's Transportation LLC
- Ryan Ratledge, CEO, Central Maine and Quebec Railway
- Jim Tassé, Assistant Director, Bicycle Coalition of Maine

SENATE MEMBERS

- Senator Bill Diamond, Co-Chair (D-Cumberland County)
- Senator Bradlee Thomas Farrin (R-Somerset County)
- Senator Matthew G. Pouliot (R-Kennebec County)

HOUSE MEMBERS

- Rep. Kristen Cloutier (D-Lewiston)
- Rep. Andrew J. McLean, Co-Chair (D-Gorham)
- Rep. Thomas H. Martin (R-Greene)
- Rep. Nathan J. Wadsworth (R-Hiram)

AGENCY MEMBERS

- Maine Turnpike Authority Executive Director Peter Mills or the executive director's designee
- MaineDOT Commissioner Bruce Van Note or the commissioner's designee