

MAINE STATE LEGISLATURE

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State of Maine
129th Legislature, Second Regular Session



Blue Ribbon Commission To Continue Studying and Recommend Funding Solutions for the State's Transportation Systems

March 2020

EXECUTIVE SUMMARY

This is the report of the Blue Ribbon Commission To Continue Studying and Recommend Funding Solutions for the State’s Transportation Systems, referred to in this report as “the commission.” The commission was established in the Second Regular Session of the 129th Legislature by Resolve 2019, Chapter 112 (Appendix A). It is the continuation of the work started by the Blue Ribbon Commission to Study and Recommend Funding Solutions for the State’s Transportation Systems, referred to in this report as “the first commission.” This first commission was established in the First Regular Session of the 129th Legislature by Resolve 2019, chapter 97 (Appendix B), which originally arrived in the Joint Standing Committee on Transportation as LD 945, sponsored by Representative Thomas Martin. This commission consisted of 13 members appointed by the President of the Senate, Speaker of the House, and the Governor. Resolve 2019, chapter 97 (Appendix B) also included as members of the commission the Commissioner of Transportation and the Executive Director of the Maine Turnpike Authority. A list of commission members can be found in Appendix C.

The first commission was charged with studying how to reform and adequately supplement funding for the state’s transportation infrastructure to promote equity, sustainability, and predictability so that the State can responsibly provide safe and reliable state transportation systems. The first commission was required to submit a report with findings and recommendations, including suggested legislation, to the Joint Standing Committee on Transportation in December 2019. Over the course of five meetings and three subcommittee meetings, the first commission recommended that the Joint Standing Committee on Transportation report out a bill to immediately continue and authorize the work started by the first commission so that a recommendation may be submitted to the Joint Standing Committee on Transportation and can be acted upon before the end of the Second Regular Session of the 129th Legislature (Appendix A). The proposed legislation, continuing the work of the first commission, was enacted and signed into law on January 21, 2020. The first commission unanimously agreed that the estimated total annual transportation shortfall is \$232 million. Further, the first commission unanimously concluded that this need is too big to address as a state alone and challenged the federal government to address about one-third of the need as it has in the past. This yielded a state funding goal of an additional \$160 million per year.

The commission met three times in early 2020 and developed the following recommendations:

- **An immediate infusion to MaineDOT of additional revenue in the range of \$20 to \$60 million should be provided for transportation purposes.**
- **Long-term, sustainable funding solutions should be considered during the 130th Legislature.**
- **A funding solution should consist of a combination of funding from the State’s General Fund and new revenue for transportation.**

- **With a goal of providing an additional \$160 million in State resources to transportation funding (a finding determined by the first commission), the split of General Fund allocation versus new revenue should be in the range of 50 to 80 percent from the General Fund, and 20 to 60 percent from new revenue.**
- **Any funding solution should be ramped up over a three or four-year period.**

I. INTRODUCTION

The Blue Ribbon Commission To Continue Studying and Recommend Funding Solutions for the State's Transportation Systems was established in the Second Regular Session of the 129th Legislature by Resolve 2019, Chapter 112 (Appendix A). It is the continuation of the work started by the Blue Ribbon Commission to Study and Recommend Funding Solutions for the State's Transportation Systems, created in the First Regular Session of the 129th Legislature by Resolve 2019, chapter 97 (Appendix B), which originally arrived in the Joint Standing Committee on Transportation as LD 945, sponsored by Representative Thomas Martin. The commission consisted of 13 members appointed by the President of the Senate, Speaker of the House, and the Governor. Resolve 2019, chapter 97 (Appendix B) also included as members of the commission the Commissioner of Transportation and the Executive Director of the Maine Turnpike Authority. A list of commission members can be found in Appendix C.

The commission met three times: January 28, 2020; February 11, 2020; and March 3, 2020. All meetings were held at the State House in Augusta. The duties of the commission are set forth in Resolve 2019, Chapter 112 (Appendix A). The commission was charged with continuing the work of the previous commission to study how to reform and adequately supplement funding for the State's transportation infrastructure to promote equity, sustainability, and predictability so that the State can responsibly provide safe and reliable state transportation systems. The commission was further tasked with continuing to focus on funding the state highway and bridge system and to develop findings or recommendations on the need and potential funding solutions for multimodal transportation infrastructure.

II. BACKGROUND

The first commission (final report attached as Appendix D) discussed thoroughly the numerous issues and impacts related to funding for the state's transportation systems and worked with MaineDOT closely to define the unmet need in transportation funding. The first commission heard from a number of presenters and members of the public about new and innovative funding solutions and traditional funding sources and considered which solutions would be pragmatic and politically feasible. Whether the funding shortfall should be addressed primarily through new sources of revenue versus the reallocation of existing sources of revenue was a topic of significant debate that ran the full course of the first commission's study.

The first commission voted unanimously in support of the following findings:

- **Finding #1** – Assuming an annual \$100 million general obligation bond package, the current unmet annual transportation funding need in Maine is approximately \$232 million.
- **Finding #2** – The federal government should be challenged to continue providing one third of Maine’s transportation funding need.
- **Finding #3** – Given findings #1 and #2, the pragmatic state level funding target that Maine should address is approximately \$160 million – about two thirds of \$232 million.
- **Finding #4** – Once the annual transportation funding need is met, Maine’s reliance on bonding to supplement transportation funding should be reduced in a fiscally responsible manner.
- **Finding #5** – Given the complexity and importance of the issues inherent in transportation funding, the commission did not have enough time to fully develop a funding solution framework that it could support recommending to the Joint Standing Committee on Transportation.

III. RECOMMENDATIONS

At the third and final meeting of the commission held on March 3, 2020, commission members unanimously supported the following recommendations:

- **Recommendation #1** – An immediate infusion to MaineDOT of additional revenue in the range of \$20 to \$60 million should be provided for transportation purposes. The source of these funds was not identified, although given the remaining time of the current legislative session, the pending supplemental General Fund budget proposal (LD 2126) was the focus of most of the discussion.
- **Recommendation #2** – Long-term, sustainable funding solutions should be considered early in the 130th Legislature.
- **Recommendation #3** – A funding solution should consist of a combination of funding from the State’s General Fund and new revenue and should generate at least an additional \$160 million a year.
- **Recommendation #4** – Any funding solution should be ramped up over a three or four-year period.

- **Recommendation #5 – Any allocation from the General Fund should dedicate a percentage to multimodal funding.**
- **Recommendation #6 – Any new revenue derived from an increase in the fuel user fee (gas and diesel taxes) must be allocated for maintenance, repairs, and improvements to Maine’s roads and bridges.**

Ten members of the commission supported the following recommendation:

- **Recommendation #7 – The General Fund should provide between 50 and 60 percent of the revenue needed to obtain the additional state transportation funding target of \$160 million a year, and new revenue should provide between 40 and 60 percent.**

While other elements were discussed as new revenue generators (see *IV. Implementation Options*) most of the discussion focused on a fuel user fee (gas tax) increase of no more than 9 cents per gallon.

Four members of the commission supported the following recommendation:

- **Recommendation #8 – The General Fund should provide between 70 and 80 percent of the revenue needed to obtain the additional state transportation funding target of \$160 million a year, and new revenue should provide between 20 and 30 percent.**

IV. IMPLEMENTATION OPTIONS

Although no specific recommendations were brought forth for consideration of the Joint Standing Committee on Transportation, the commission did discuss various mechanisms and policy concepts intended to generate additional revenue. These concepts fall into the following three broad categories.

A. *Mechanisms Discussed to Increase General Fund Support*

- (1) Allocating a percentage of the sales tax on automobiles, which is currently estimated at \$161 million per year, to the Highway Fund;
- (2) Amending the Constitution of Maine to ensure that funding stemming from the sales tax on auto-related sales be protected in a similar fashion to other revenue sources identified in Article IX, section 19 (Appendix E);
- (3) Examining the State Police funding split between the General Fund and the Highway Fund (currently 65% GF, 35% HF);

- (4) Additional allocation of revenue derived from the state's liquor contract to transportation purposes;
- (5) Appropriations to MaineDOT from General Fund surplus either from one-time allocations and/or on-going through revisions of statutory year-end cascade language; and
- (6) Allocation from online gaming revenue.

B. Mechanisms Discussed to Increase Transportation Revenue

- (1) Increase in the fuel user fees (gas and diesel taxes);
- (2) Increase in general vehicle registration fees;
- (3) Additional registration surcharge on electric and hybrid vehicles;
- (4) Increase in the car rental tax (currently set at 10 percent); and
- (5) Implementation of a tire tax of \$5.00 per tire.

C. Other Policy Items Discussed

- (1) Allocating revenue from the waste oil repeal (129th – LD 1998);
- (2) New and seasonal tolling opportunities in high traffic areas;
- (3) Bonding reform, including eventual reduction on reliance on bonding;¹
- (4) Tax rebate to low-income Maine residents as an offset to an increase in the fuel user fee (gas tax);
- (5) Phase-in of any fuel user fee increase for providers located along the Maine/New Hampshire border; and
- (6) Consideration of implementation of indexing of the gasoline tax [not endorsed by the commission].

¹ *The commission discussed bonding reform with some members expressing an interest in a reduction in future transportation-related borrowing/bonding and other members expressing a need for continued borrowing while interest rates remain at their current level. While not a formal recommendation for consideration, the commission did discuss diverting any revenue generated from the General Fund by not having to pay interest and principal on a transportation bond (currently \$54 million a year) to the Highway Fund.*

STATE OF MAINE

IN THE YEAR OF OUR LORD
TWO THOUSAND TWENTY

H.P. 1446 - L.D. 2036

Resolve, To Establish the Blue Ribbon Commission To Continue Studying and Recommend Funding Solutions for the State's Transportation Systems

Emergency preamble. Whereas, acts and resolves of the Legislature do not become effective until 90 days after adjournment unless enacted as emergencies; and

Whereas, Resolve 2019, chapter 97 established the Blue Ribbon Commission To Study and Recommend Funding Solutions for the State's Transportation Systems, which found that due to the complexity and importance of the subject matter it needed more time to adequately consider the issues before providing a recommendation to the Joint Standing Committee on Transportation; and

Whereas, this legislation establishes the Blue Ribbon Commission To Continue Studying and Recommend Funding Solutions for the State's Transportation Systems; and

Whereas, it is necessary to immediately continue the work started by the previous commission in order that a recommendation may be submitted to the Joint Standing Committee on Transportation and be acted upon before the end of the Second Regular Session of the 129th Legislature; and

Whereas, in the judgment of the Legislature, these facts create an emergency within the meaning of the Constitution of Maine and require the following legislation as immediately necessary for the preservation of the public peace, health and safety; now, therefore, be it

Sec. 1. Commission established. Resolved: That the Blue Ribbon Commission To Continue Studying and Recommend Funding Solutions for the State's Transportation Systems, referred to in this resolve as "the commission," is established.

Sec. 2. Commission membership. Resolved: That, notwithstanding Joint Rule 353, the 15 members and chairs appointed to the Blue Ribbon Commission To Study and Recommend Funding Solutions for the State's Transportation Systems, established pursuant to Resolve 2019, chapter 97 and referred to in this resolve as "the previous commission," serve as the members and chairs of the commission.

Sec. 3. Duties. Resolved: That the commission shall continue the work of the previous commission to study how to reform and adequately supplement funding for the State's transportation infrastructure to promote equity, sustainability and predictability so that the State can responsibly provide safe and reliable state transportation systems. The commission shall continue to focus on funding the state highway and bridge system and shall also develop findings or recommendations on the need and potential funding solutions for multimodal transportation infrastructure. Specific study topics may include, but are not limited to, those listed in Resolve 2019, chapter 97, section 5.

The commission shall meet up to 4 times over the course of the Second Regular Session of the 129th Legislature and may hold public hearings and review recommendations from the people of the State and qualified experts when appropriate. The chairs may also provide the opportunity for knowledgeable stakeholders to submit written comments throughout the study process and to provide oral testimony on the commission's draft recommendations.

Sec. 4. Staff assistance. Resolved: That the Department of Transportation shall provide necessary staffing services to the commission, and the Office of Policy and Legal Analysis shall provide drafting assistance for any legislation proposed by the commission.

Sec. 5. Report. Resolved: That, no later than March 5, 2020, the commission shall submit a report that includes its findings and recommendations, including suggested legislation, for presentation to the Joint Standing Committee on Transportation. The Joint Standing Committee on Transportation may submit legislation for presentation to the Second Regular Session of the 129th Legislature.

Sec. 6. Appropriations and allocations. Resolved: That the following appropriations and allocations are made.

LEGISLATURE

Study Commissions - Funding 0444

Initiative: Allocates funds on a one-time basis for the costs to the Legislature of Legislators participating in the work of the Blue Ribbon Commission To Continue Studying and Recommend Funding Solutions for the State's Transportation Systems.

HIGHWAY FUND	2019-20	2020-21
All Other	\$1,960	\$0
HIGHWAY FUND TOTAL	<u>\$1,960</u>	<u>\$0</u>

Emergency clause. In view of the emergency cited in the preamble, this legislation takes effect when approved.

STATE OF MAINE

IN THE YEAR OF OUR LORD

TWO THOUSAND NINETEEN

H.P. 700 - L.D. 945

Resolve, To Establish the Blue Ribbon Commission To Study and Recommend Funding Solutions for the State's Transportation Systems

Emergency preamble. Whereas, acts and resolves of the Legislature do not become effective until 90 days after adjournment unless enacted as emergencies; and

Whereas, this legislation establishes the Blue Ribbon Commission To Study and Recommend Funding Solutions for the State's Transportation Systems; and

Whereas, the study must be initiated before the 90-day period expires in order that the study may be completed and a report submitted in time for submission to the next legislative session; and

Whereas, adequate, sustainable and predictable transportation funding is critical to the safety and economic well-being of all the State's citizens; and

Whereas, funding for transportation infrastructure in the State and the nation is seriously lacking; and

Whereas, the shortfall in funding related to the State's state highway and bridge system is at least \$160 million per year, without consideration of general obligation bonding; and

Whereas, general obligation bonding levels are unpredictable due to the current short-term focus of the process that determines bonding levels and priorities, a process that usually takes place late in a legislative session after finalization of the biennial budget, if at all; and

Whereas, higher fuel efficiency vehicles and alternative fuel vehicles continue to erode the funding provided by per gallon fuel taxes and increases the inequity between drivers in terms of the fee paid per mile for use of the state highway and bridge system; and

Whereas, fuel prices are relatively low but will likely rise in the years ahead; and

Whereas, about 37 million people visit the State each year, which has a year-round population of about 1.3 million people, and the capacity and a significant portion of the cost of the State's transportation systems are driven by seasonal traffic volumes that swell due to our valued visitors from away; and

Whereas, through years of capital planning, prioritization and efficiency initiatives, the Department of Transportation has proven that it uses funding efficiently and effectively and can be trusted to do so with additional funding; and

Whereas, federal transportation funding is unpredictable, the federal Fixing America's Surface Transportation Act will expire in 2020 and there is no guarantee, in this federal environment, of a stable funding solution in the future; and

Whereas, other states are finding transportation funding solutions, the State has an obligation to all the State's citizens to seek funding solutions now; and

Whereas, a bipartisan blue ribbon commission charged with analyzing options and recommending legislation is the best way to reform and supplement transportation funding in Maine; and

Whereas, in the judgment of the Legislature, these facts create an emergency within the meaning of the Constitution of Maine and require the following legislation as immediately necessary for the preservation of the public peace, health and safety; now, therefore, be it

Sec. 1. Commission established. Resolved: That the Blue Ribbon Commission To Study and Recommend Funding Solutions for the State's Transportation Systems, referred to in this resolve as "the commission," is established.

Sec. 2. Commission membership. Resolved: That, notwithstanding Joint Rule 353, the commission consists of 15 members as follows:

1. Three members appointed by the President of the Senate, at least one of whom is from the minority party in the Senate, including at least one member of the Joint Standing Committee on Transportation, and at least one member of either the Joint Standing Committee on Appropriations and Financial Affairs or the Joint Standing Committee on Taxation;

2. One member appointed by the President of the Senate representing an organization of municipal or public works officials;

3. Four members appointed by the Speaker of the House of Representatives, at least one of whom is from the minority party in the House, including at least one member of the Joint Standing Committee on Transportation, and at least one member of either the Joint Standing Committee on Appropriations and Financial Affairs or the Joint Standing Committee on Taxation;

4. One member appointed by the Speaker of the House of Representatives representing freight or passenger rail interests;

5. One member appointed by the Governor representing an organization advocating for proper maintenance and funding of the State's transportation networks, including construction companies that build and maintain or engineer and design the State's transportation infrastructure;

6. One member appointed by the Governor representing an organization advocating for the interests of commercial companies moving bulk goods on the State's road networks;

7. One member appointed by the Governor representing an organization advocating for public transportation services;

8. One member appointed by the Governor representing bicyclist or pedestrian needs;

9. The Commissioner of Transportation, or the commissioner's designee; and

10. The Executive Director of the Maine Turnpike Authority, or the director's designee.

Sec. 3. Chairs. Resolved: That, notwithstanding Joint Rule 353, the first-named Senate member of the Joint Standing Committee on Transportation and the first-named House member of the Joint Standing Committee on Transportation shall serve as cochairs of the commission.

Sec. 4. Appointments; convening of commission. Resolved: That, notwithstanding Joint Rule 353, all appointments must be made no later than 30 days following the effective date of this resolve. The appointing authorities shall notify the Executive Director of the Legislative Council once all appointments have been completed. After appointment of all members, the chairs shall call and convene the first meeting of the commission. If 30 days or more after the effective date of this resolve a majority of but not all appointments have been made, the chairs may request authority and the Legislative Council may grant authority for the commission to meet and conduct its business.

Sec. 5. Duties. Resolved: That the commission shall study how to reform and adequately supplement funding for the State's transportation infrastructure to promote equity, sustainability and predictability so that the State can responsibly provide safe and reliable state transportation systems. The commission shall focus on funding the state highway and bridge system and shall also develop findings or recommendations on the need and potential funding solutions for multimodal transportation infrastructure. Specific study topics may include, but are not limited to, the following:

1. A review related to the funding levels necessary to achieve the capital improvement plan goals set forth in the Maine Revised Statutes, Title 23, section 73, subsection 7, including anticipated shortfalls for the next 10 years, and a review of whether the capital improvement plan goals set forth in Title 23, section 73, subsection 7 are still appropriate and valid;

2. Mechanisms to increase the predictability of general obligation bonding levels for capital planning at the Department of Transportation for the state highway and bridge system and multimodal infrastructure for the next 10 years;

3. Mechanisms to address the erosion of Highway Fund receipts and the rising inequity between drivers caused by higher automobile fuel efficiency and alternative fuel vehicles such as adding a registration fee surcharge on hybrid, electric or other alternative fuel passenger automobiles;

4. A voluntary vehicle miles traveled pilot program for passenger automobiles;

5. Methods to more equitably share the costs of the highway system between residents and nonresidents;

6. Consideration of new highway tolling opportunities;

7. Consideration of dedicating a portion of sales tax receipts from transportation-related sales to fund transportation needs; and

8. An increase of state funding for multimodal transportation, including increasing or augmenting the existing funding from the automobile rental sales tax.

The commission shall meet up to 6 times over the course of 2019 and shall hold public hearings and review recommendations from the people of the State and qualified experts when appropriate at no fewer than 3 locations throughout the State. The chairs shall also provide the opportunity for knowledgeable stakeholders to submit written comments throughout the study process and to provide oral testimony on the commission's draft recommendations. Knowledgeable stakeholders must include representatives from organizations representing economic development, transportation engineering and construction firms, highway users, the Maine State Chamber of Commerce, municipal and public works organizations, trucking and shipping firms, bicyclists and pedestrians, conservation and environmental professionals and the tourism industry.

Sec. 6. Staff assistance. Resolved: That, notwithstanding Joint Rule 353, the Legislative Council shall provide necessary staffing services to the commission, except that Legislative Council staff support is not authorized when the Legislature is in regular or special session.

Sec. 7. Report. Resolved: That, no later than December 4, 2019, the commission shall submit a report that includes its findings and recommendations, including suggested legislation, for presentation to the Joint Standing Committee on Transportation. The Joint Standing Committee on Transportation may submit legislation for presentation to the Second Regular Session of the 129th Legislature.

Sec. 8. Appropriations and allocations. Resolved: That the following appropriations and allocations are made.

LEGISLATURE

Study Commissions - Funding 0444

Initiative: Allocates funds on a one-time basis for the costs to the Legislature of Legislators participating in the work of the Blue Ribbon Commission To Study and Recommend Funding Solutions for the State's Transportation Systems.

HIGHWAY FUND	2019-20	2020-21
Personal Services	\$1,540	\$0
All Other	\$2,210	\$0
HIGHWAY FUND TOTAL	\$3,750	\$0

Emergency clause. In view of the emergency cited in the preamble, this legislation takes effect when approved.

Appendix C

BLUE RIBBON COMMISSION TRANSPORTATION FUNDING SOLUTIONS *Membership*

Appointed by the President of the Senate

- Senator Bill Diamond, Co-Chair
(D-Cumberland County)
- Senator Brad Farrin
(R-Somerset County)
- Senator Matt Pouliot
(R-Kennebec County)

Member representing an organization of municipal or public works officials:

Gary Picard, Town Manager of Madawaska

Appointed by the Speaker of the House of Representatives

- Rep. Andrew McLean, Co-Chair
(D-Gorham)
- Rep. Tom Martin
(R-Greene)
- Rep. Kristen Cloutier
(D-Lewiston)
- Rep. Nate Wadsworth
(R-Hiram)

Member representing freight or passenger rail interests:

-Ryan Ratledge, CEO – Central Maine and Quebec Railway

Governor

Member representing an organization advocating for proper maintenance and funding of the State's transportation networks, including construction companies that build and maintain or engineer and design the State's transportation infrastructure:

-Paul Koziell, President – CPM Constructors, Inc. in Freeport

Member representing an organization advocating for the interests of commercial companies moving bulk goods on the State's road networks:

-Barry Pottle, President and CEO – Pottle's Transportation LLC

Member representing an organization advocating for public transportation services:

-Jess Mauer, Executive Director - Maine Council on Aging

Member representing bicyclist or pedestrian needs:

-Jim Tassé, Executive Director – Bicycle Coalition of Maine

**Commissioner, Maine Department of Transportation
Executive Director, Maine Turnpike Authority**



State of Maine
129th Legislature, First Regular Session

**Blue Ribbon Commission To Study
and Recommend Funding Solutions for the
State's Transportation Systems**

December 2019



**STATE OF MAINE
129th LEGISLATURE
FIRST REGULAR SESSION**

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Rep. Andrew McLean, Chair
Sen. Matthew Pouliot
Sen. Brad Farrin
Rep. Nathan Wadsworth
Rep. Kristen Cloutier
Rep. Thomas J. Martin
Paul Koziell
Jessica Maurer
Barry Pottle
James Tasse
Gary Picard
Ryan Ratledge
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Peter Mills**

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Executive Summary

This is the report of the Blue Ribbon Commission To Study and Recommend Funding Solutions for the State's Transportation Systems, referred to in this report as "the commission." The commission was established in the First Regular Session of the 129th Legislature by Resolve 2019, chapter 97 (Appendix A), which originally arrived in the Joint Standing Committee on Transportation as LD 945, sponsored by Representative Thomas Martin. The commission consisted of 13 members appointed by the President of the Senate, Speaker of the House, and the Governor. Resolve 2019, chapter 97 (Appendix A) also included as members of the commission the Commissioner of Transportation and the Executive Director of the Maine Turnpike Authority. A list of commission members can be found in Appendix B.

The commission was charged with studying how to reform and adequately supplement funding for the State's transportation infrastructure to promote equity, sustainability and predictability so that the State can responsibly provide safe and reliable state transportation systems and was required to submit a report, with findings and recommendations, including suggested legislation, to the Joint Standing Committee on Transportation in December 2019. Over the course of five commission meetings and three subcommittee meetings, the commission developed the following recommendation.

- **That the Joint Standing Committee on Transportation report out a bill to immediately continue and authorize the commission to continue the work started by the commission, so that a recommendation may be submitted to the Joint Standing Committee on Transportation and can be acted upon before the end of the Second Regular Session of the 129th Legislature (see Appendix C for proposed language).**

I. Introduction

The Blue Ribbon Commission To Study and Recommend Funding Solutions for the State's Transportation Systems was established by Resolve 2019, Chapter 97 (Appendix A). Pursuant to the authorizing legislation, 15 members were appointed to the commission: three legislators from the Maine Senate; four legislators from the Maine House of Representatives; one representative of municipal or public works officials; one representative of freight or passenger rail interests; one representative of an organization advocating for proper maintenance and funding of the State's transportation networks, including construction companies that build and maintain or engineer and design the State's transportation infrastructure; one representative advocating for the interests of commercial companies moving bulk goods on the State's road networks; one representative advocating for public transportation services; one representative of bicyclist and pedestrian interests; the Commissioner of Transportation; and the Executive Director of the Maine Turnpike Authority (MTA). A list of commission members can be found in Appendix B.

The duties of the commission are set forth in Resolve 2019, Chapter 97 (Appendix A). The commission was charged with studying how to reform and adequately supplement funding for the State's transportation infrastructure to promote equity, sustainability and predictability so that the State can responsibly provide safe and reliable state transportation systems. The commission was directed to focus on funding the state highway and bridge system and to develop findings and recommendations on the need and potential funding solutions for multimodal transportation infrastructure.

Resolve 2019, Chapter 97 specified that specific study topics include, but are not limited to, the following:

1. A review related to the funding levels necessary to achieve the capital improvement plan goals set forth in the Sensible Transportation Policy Act (Maine Revised Statutes, Title 23, section 73, subsection 7) including anticipated shortfalls for the next 10 years, and a review of whether the capital improvement plan goals set forth in Title 23, section 73, subsection 7 are still appropriate and valid;
2. Mechanisms to increase the predictability of general obligation bonding levels for capital planning at the Maine Department of Transportation (MaineDOT) for the state highway and bridge system and multimodal infrastructure for the next 10 years;
3. Mechanisms to address the erosion of Highway Fund receipts and the rising inequity between drivers caused by higher automobile fuel efficiency and alternative fuel vehicles such as adding a registration fee surcharge on hybrid, electric or other alternative fuel passenger automobiles;
4. A voluntary vehicle-miles-traveled pilot program for passenger automobiles;
5. Methods to more equitably share the costs of the highway system between residents and non-residents;

6. Consideration of new highway tolling opportunities;
7. Consideration of dedicating a portion of sales tax receipts for transportation-related sales to fund transportation needs; and
8. An increase of state funding for multimodal transportation, including increasing or augmenting the existing funding from the automobile rental sales tax.

Resolve 2019, Chapter 97 directed the commission to submit a report, with findings and recommendations, including suggested legislation, to the Joint Standing Committee on Transportation in December 2019. The commission held five meetings on the following dates: September 17, October 1, October 24, November 25 and December 18, 2019. In addition, a subcommittee of the commission met on December 2, December 4, and December 16. All meetings were open to the public.

II. Background

Resolve 2019, Chapter 97 (Appendix A) arrived in the Joint Standing Committee on Transportation as LD 945 during the First Regular Session of the 129th Legislature, where the committee unanimously voted the resolve “Ought To Pass as Amended.” During the public hearing the committee received testimony in support of LD 945 from multiple industry groups and individuals and received no testimony in opposition.¹ Testimony focused broadly on the need for increased funding for roads and bridges and potential impacts to industry, small business, public transportation, and multimodal transportation. There was no general consensus among those testifying on how increased funding should be generated. Common topics of focus included increasing the fuel tax, expanded tolling, consideration of alternative funding sources such as vehicle miles traveled taxation and congestion pricing and whether federal assistance can be relied upon as a stable funding source.

The commission held its first meeting at the State House in Augusta, on September 17, 2019. At that meeting the commission reviewed its duties under Resolve 2019, Chapter 97 (Appendix A) and heard presentations from MaineDOT on the “State of Our Infrastructure & Defining the Need” and “Maine State Transportation Funding 101: Where does it come from? Where does it go?” The commission also made requests for information, discussed future meeting dates and locations and was given a tour of road and bridge infrastructure in the Augusta area, including current MaineDOT projects.²

During the second meeting, held at MTA headquarters in Portland, and third meeting, held at Central Maine Community College in Auburn, the commission heard a number of presentations including: an overview of federal transportation funding, provided by Susan Howard of the American Association of State Highway Transportation Officials (AASHTO); how other states have addressed transportation funding, provided by Douglas Shinkle of the National Conference

¹ Public testimony and other bill documents can be found at the following web address:
http://www.mainelegislature.org/legis/bills/display_ps.asp?ld=945&PID=1456&snum=129

² Materials and submissions from each commission meeting can be found at the following web address:
<http://legislature.maine.gov/blue-ribbon-commission-to-study-funding-solutions>

of State Legislatures (NCSL); a discussion of trends in tolling, provided by Pat Jones of the International Bridge, Tunnel & Turnpike Association (IBTTA); how tolling currently works in Maine provided by Peter Mills, the Executive Director of MTA; information regarding the implementation of mileage based user fees, provided by Dr. Patricia Hendron of the I-95 Corridor Coalition; a business perspective on transportation funding, provided by Brian Bouchard, President of H.O. Bouchard; and public transportation needs, provided by Sandy Buchanan, President of Maine Transit Association.

The commission held a work session for the final portion of the commission's third meeting, during which commission members began to discuss the funding need and possible solutions. A brief list of topics discussed included:

- The scope of the funding shortfall;
- State reliance on bonding;
- Short-term versus long-term solutions;
- Sustainable and multipronged approaches to transportation funding;
- Applying different funding tools for different modes of transportation;
- Traffic demand management; and
- Whether the funding shortfall should be addressed primarily through new sources of revenue versus the reallocation of existing sources of revenue.

At the fourth meeting the commission heard public testimony from Lincoln County Planning Commission, Natural Resources Council of Maine, and Ronald Silvia, a selectman from the town of Porter. The commission also received electronic submissions over the course of the study from Samuel Schwartz of Harpswell, and Kenneth Capron of Portland. The commission held a work session for the rest of the fourth meeting, during which commission members continued the discussion from the previous meeting. The fourth meeting resulted in the creation of a subcommittee with the goal of providing an opportunity for deeper discussion into viable funding solutions before the final meeting of the commission.

The subcommittee met three times in December 2019 and largely focused on a discussion about whether the funding shortfall should be addressed primarily through new sources of revenue versus the reallocation of existing sources of revenue. Points generally agreed upon by the subcommittee members included:

- There exists a funding shortfall of approximately \$232 million;
- The federal government should be challenged to provide about one third of the unmet need;
- A pragmatic state level funding target is approximately \$160 million; and
- A need exists to better communicate to the public where taxpayer money is going and how it is being used.

Other subcommittee topics of discussion included:

- How MaineDOT prioritizes projects when there is an unmet funding need;
- Constitutional protection of funding sources;
- Consideration of long-term funding sources and consistency of revenue;
- Fluctuation of project costs bases on markets and labor;

- A tax credit or rebate to offset impacts on those with lower income;
- Revenue impacts from electric and low emission vehicles;
- Municipal impacts from the reallocation of existing resources;
- Tolling as a potential funding source; and
- The viability of alternative funding sources, such as vehicle miles traveled.

The subcommittee meetings ultimately resulted in the production of a baseline funding framework that was brought back to the entire commission as a working document to discuss and refine at the final commission meeting.

The commission held its fifth and final meeting on December 18, 2019, and proceeded with a discussion that focused on the funding framework produced during the subcommittee meetings. The discussion focused primarily on whether the funding shortfall should be addressed primarily through new sources of revenue versus the reallocation of existing sources of revenue.

The commission also discussed:

- A bridge repair bonding initiative;
- Annual electric vehicle taxation;
- An increased car rental tax;
- Vehicle impact fees;
- Tire and auto parts taxation;
- Strategies for reducing reliance on bonding; and
- Structural versus one-time general fund transfers.

Additionally, the commission heard from Kenneth Capron of Portland on the potential of micro rail technology to enhance transportation infrastructure and reduce transportation costs for the State of Maine.

The fifth meeting of the commission concluded with a discussion of the complexity and importance of the issues inherent in transportation funding and consideration of whether more time would be needed to develop a solution framework that the commission could support recommending to the Joint Standing Committee on Transportation. The findings and recommendation of the commission are discussed below.

III. Findings & Recommendations

The commission was charged with studying how to reform and adequately supplement funding for the State's transportation infrastructure to promote equity, sustainability and predictability so that the State can responsibly provide safe and reliable state transportation systems and was required to submit a report, with findings and recommendations, including suggested legislation, to the Joint Standing Committee on Transportation in December 2019.

The commission discussed thoroughly the numerous issues and impacts related to funding for the State's transportation systems and worked with MaineDOT closely to define the unmet need in transportation funding. The commission heard from a number of presenters and members of the public about new and innovative funding solutions and traditional funding sources. The

commission considered which solutions would be pragmatic and politically feasible. Whether the funding shortfall should be addressed primarily through new sources of revenue versus the reallocation of existing sources of revenue was a topic of significant debate that ran the full course of the commission's study.

At the fifth and final meeting, the commission voted unanimously in support of the following findings.

- **Finding #1. Assuming an annual \$100 million general obligation bond package, the current unmet annual transportation funding need in Maine is approximately \$232 million.**
- **Finding #2. The federal government should be challenged to continue providing one third of Maine's transportation funding need.**
- **Finding #3. Given findings #1 and #2, the pragmatic state level funding target that Maine should address is approximately \$160 million, about two thirds of \$232 million.**
- **Finding #4. Once the annual transportation funding need is met, Maine's reliance on bonding to supplement transportation funding should be reduced in a fiscally responsible manner.**
- **Finding #5. That given the complexity and importance of the issues inherent in transportation funding, the commission did not have enough time to fully develop a funding solution framework that it could support recommending to the Joint Standing Committee on Transportation.**

Given the findings above, the commission voted unanimously in support of the following recommendation.

- **That the Joint Standing Committee on Transportation report out a bill to immediately continue and authorize the commission to continue the work started by the commission, so that a recommendation may be submitted to the Joint Standing Committee on Transportation and can be acted upon before the end of the Second Regular Session of the 129th Legislature (see Appendix C for proposed language).**

APPENDIX A
Authorizing Resolve

STATE OF MAINE

IN THE YEAR OF OUR LORD

TWO THOUSAND NINETEEN

H.P. 700 - L.D. 945

Resolve, To Establish the Blue Ribbon Commission To Study and Recommend Funding Solutions for the State's Transportation Systems

Emergency preamble. Whereas, acts and resolves of the Legislature do not become effective until 90 days after adjournment unless enacted as emergencies; and

Whereas, this legislation establishes the Blue Ribbon Commission To Study and Recommend Funding Solutions for the State's Transportation Systems; and

Whereas, the study must be initiated before the 90-day period expires in order that the study may be completed and a report submitted in time for submission to the next legislative session; and

Whereas, adequate, sustainable and predictable transportation funding is critical to the safety and economic well-being of all the State's citizens; and

Whereas, funding for transportation infrastructure in the State and the nation is seriously lacking; and

Whereas, the shortfall in funding related to the State's state highway and bridge system is at least \$160 million per year, without consideration of general obligation bonding; and

Whereas, general obligation bonding levels are unpredictable due to the current short-term focus of the process that determines bonding levels and priorities, a process that usually takes place late in a legislative session after finalization of the biennial budget, if at all; and

Whereas, higher fuel efficiency vehicles and alternative fuel vehicles continue to erode the funding provided by per gallon fuel taxes and increases the inequity between drivers in terms of the fee paid per mile for use of the state highway and bridge system; and

Whereas, fuel prices are relatively low but will likely rise in the years ahead; and

Whereas, about 37 million people visit the State each year, which has a year-round population of about 1.3 million people, and the capacity and a significant portion of the cost of the State's transportation systems are driven by seasonal traffic volumes that swell due to our valued visitors from away; and

Whereas, through years of capital planning, prioritization and efficiency initiatives, the Department of Transportation has proven that it uses funding efficiently and effectively and can be trusted to do so with additional funding; and

Whereas, federal transportation funding is unpredictable, the federal Fixing America's Surface Transportation Act will expire in 2020 and there is no guarantee, in this federal environment, of a stable funding solution in the future; and

Whereas, other states are finding transportation funding solutions, the State has an obligation to all the State's citizens to seek funding solutions now; and

Whereas, a bipartisan blue ribbon commission charged with analyzing options and recommending legislation is the best way to reform and supplement transportation funding in Maine; and

Whereas, in the judgment of the Legislature, these facts create an emergency within the meaning of the Constitution of Maine and require the following legislation as immediately necessary for the preservation of the public peace, health and safety; now, therefore, be it

Sec. 1. Commission established. Resolved: That the Blue Ribbon Commission To Study and Recommend Funding Solutions for the State's Transportation Systems, referred to in this resolve as "the commission," is established.

Sec. 2. Commission membership. Resolved: That, notwithstanding Joint Rule 353, the commission consists of 15 members as follows:

1. Three members appointed by the President of the Senate, at least one of whom is from the minority party in the Senate, including at least one member of the Joint Standing Committee on Transportation, and at least one member of either the Joint Standing Committee on Appropriations and Financial Affairs or the Joint Standing Committee on Taxation;

2. One member appointed by the President of the Senate representing an organization of municipal or public works officials;

3. Four members appointed by the Speaker of the House of Representatives, at least one of whom is from the minority party in the House, including at least one member of the Joint Standing Committee on Transportation, and at least one member of either the Joint Standing Committee on Appropriations and Financial Affairs or the Joint Standing Committee on Taxation;

4. One member appointed by the Speaker of the House of Representatives representing freight or passenger rail interests;

5. One member appointed by the Governor representing an organization advocating for proper maintenance and funding of the State's transportation networks, including construction companies that build and maintain or engineer and design the State's transportation infrastructure;

6. One member appointed by the Governor representing an organization advocating for the interests of commercial companies moving bulk goods on the State's road networks;

7. One member appointed by the Governor representing an organization advocating for public transportation services;

8. One member appointed by the Governor representing bicyclist or pedestrian needs;

9. The Commissioner of Transportation, or the commissioner's designee; and

10. The Executive Director of the Maine Turnpike Authority, or the director's designee.

Sec. 3. Chairs. Resolved: That, notwithstanding Joint Rule 353, the first-named Senate member of the Joint Standing Committee on Transportation and the first-named House member of the Joint Standing Committee on Transportation shall serve as cochairs of the commission.

Sec. 4. Appointments; convening of commission. Resolved: That, notwithstanding Joint Rule 353, all appointments must be made no later than 30 days following the effective date of this resolve. The appointing authorities shall notify the Executive Director of the Legislative Council once all appointments have been completed. After appointment of all members, the chairs shall call and convene the first meeting of the commission. If 30 days or more after the effective date of this resolve a majority of but not all appointments have been made, the chairs may request authority and the Legislative Council may grant authority for the commission to meet and conduct its business.

Sec. 5. Duties. Resolved: That the commission shall study how to reform and adequately supplement funding for the State's transportation infrastructure to promote equity, sustainability and predictability so that the State can responsibly provide safe and reliable state transportation systems. The commission shall focus on funding the state highway and bridge system and shall also develop findings or recommendations on the need and potential funding solutions for multimodal transportation infrastructure. Specific study topics may include, but are not limited to, the following:

1. A review related to the funding levels necessary to achieve the capital improvement plan goals set forth in the Maine Revised Statutes, Title 23, section 73, subsection 7, including anticipated shortfalls for the next 10 years, and a review of whether the capital improvement plan goals set forth in Title 23, section 73, subsection 7 are still appropriate and valid;

2. Mechanisms to increase the predictability of general obligation bonding levels for capital planning at the Department of Transportation for the state highway and bridge system and multimodal infrastructure for the next 10 years;

3. Mechanisms to address the erosion of Highway Fund receipts and the rising inequity between drivers caused by higher automobile fuel efficiency and alternative fuel vehicles such as adding a registration fee surcharge on hybrid, electric or other alternative fuel passenger automobiles;

4. A voluntary vehicle miles traveled pilot program for passenger automobiles;

5. Methods to more equitably share the costs of the highway system between residents and nonresidents;

6. Consideration of new highway tolling opportunities;

7. Consideration of dedicating a portion of sales tax receipts from transportation-related sales to fund transportation needs; and

8. An increase of state funding for multimodal transportation, including increasing or augmenting the existing funding from the automobile rental sales tax.

The commission shall meet up to 6 times over the course of 2019 and shall hold public hearings and review recommendations from the people of the State and qualified experts when appropriate at no fewer than 3 locations throughout the State. The chairs shall also provide the opportunity for knowledgeable stakeholders to submit written comments throughout the study process and to provide oral testimony on the commission's draft recommendations. Knowledgeable stakeholders must include representatives from organizations representing economic development, transportation engineering and construction firms, highway users, the Maine State Chamber of Commerce, municipal and public works organizations, trucking and shipping firms, bicyclists and pedestrians, conservation and environmental professionals and the tourism industry.

Sec. 6. Staff assistance. Resolved: That, notwithstanding Joint Rule 353, the Legislative Council shall provide necessary staffing services to the commission, except that Legislative Council staff support is not authorized when the Legislature is in regular or special session.

Sec. 7. Report. Resolved: That, no later than December 4, 2019, the commission shall submit a report that includes its findings and recommendations, including suggested legislation, for presentation to the Joint Standing Committee on Transportation. The Joint Standing Committee on Transportation may submit legislation for presentation to the Second Regular Session of the 129th Legislature.

Sec. 8. Appropriations and allocations. Resolved: That the following appropriations and allocations are made.

LEGISLATURE

Study Commissions - Funding 0444

Initiative: Allocates funds on a one-time basis for the costs to the Legislature of Legislators participating in the work of the Blue Ribbon Commission To Study and Recommend Funding Solutions for the State's Transportation Systems.

HIGHWAY FUND	2019-20	2020-21
Personal Services	\$1,540	\$0
All Other	\$2,210	\$0
HIGHWAY FUND TOTAL	\$3,750	\$0

Emergency clause. In view of the emergency cited in the preamble, this legislation takes effect when approved.

APPENDIX B

Membership List

**Blue Ribbon Commission To Study and Recommend Funding Solutions for the State's
Transportation Systems
Membership List**

Appointments by the President

Sen. Bill Diamond - Chair	Member of the Senate from the Joint Standing Committee on Transportation
Sen. Matthew Pouliot	Member of the Senate
Sen. Bradlee Farrin	Member of the Senate
Gary Picard	Member representing an organization of municipal or public works officials

Appointments by the Speaker

Rep. Andrew McLean - Chair	Member of the House from the Joint Standing Committee on Transportation
Rep. Kristen Cloutier	Member of the House
Rep. Thomas Martin	Member of the House
Rep. Nathan Wadsworth	Member of the House

Maine Turnpike Authority

Peter Mills	Director of the Maine Turnpike Authority
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Maine Department of Transportation

Bruce Van Note	Commissioner of the Maine Department of Transportation
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Appointments by the Governor

Paul Koziell	Member representing an organization advocating for proper maintenance and funding of the State's transportation networks, including construction companies that build and maintain or engineer and design the State's transportation infrastructure
Jessica Maurer	Member representing an organization advocating for public transportation services
Barry Pottle	Member representing an organization advocating for the interests of commercial companies moving bulk goods on the State's road networks
James Tasse	Member representing bicyclist or pedestrian needs
Ryan Ratledge	Member representing freight or passenger rail interests

Staff:

Samuel Prawer, Legislative Analyst
Karen Nadeau, Legislative Analyst
Office of Policy and Legal Analysis

APPENDIX C
Proposed Legislation

Drafter: SWP
Date: 12-23-2019

Resolve, To Establish the Blue Ribbon Commission To Continue Studying and Recommend Funding Solutions for the State's Transportation Systems

Be it enacted by the People of the State of Maine as follows:

Emergency preamble. Whereas, acts and resolves of the Legislature do not become effective until 90 days after adjournment unless enacted as emergencies; and

Whereas, Resolve 2019, c. 97 established the Blue Ribbon Commission To Study and Recommend Funding Solutions for the State's Transportation Systems, which found that due to the complexity and importance of the subject matter it needed more time to adequately consider the issues before providing a recommendation to the Joint Standing Committee on Transportation; and

Whereas, this legislation establishes the Blue Ribbon Commission To Continue Studying and Recommend Funding Solutions for the State's Transportation Systems; and

Whereas, it is necessary to immediately continue the work started by the previous commission, established pursuant to Resolve 2019, c. 97, in order that a recommendation submitted to the Joint Standing Committee on Transportation can be acted upon before the end of the Second Regular Session of the 129th Legislature; and

Whereas, in the judgment of the Legislature, these facts create an emergency within the meaning of the Constitution of Maine and require the following legislation as immediately necessary for the preservation of the public peace, health and safety; now, therefore, be it

Sec. 1. Commission established. Resolved: That the Blue Ribbon Commission To Continue Studying and Recommend Funding Solutions for the State's Transportation Systems, referred to in this resolve as "the commission," is established.

Sec. 2. Commission membership. Resolved: That, notwithstanding Joint Rule 353, the 15 members and chairs appointed to the Blue Ribbon Commission to Study and Recommend Funding Solutions for the State's Transportation Systems, established pursuant to Resolve 2019, c. 97 and referred to in this resolve as the "previous commission," serve as the members and chairs of the commission.

Sec. 3. Duties. Resolved: That the commission shall continue the work of the previous commission to study how to reform and adequately supplement funding for the State's transportation infrastructure to promote equity, sustainability and predictability so that the State can responsibly provide safe and reliable state transportation systems. The commission shall continue to focus on funding the state highway and bridge system and shall also develop findings or recommendations on the need and potential funding solutions for multimodal transportation infrastructure. Specific study topics may include, but are not limited to, those listed in Resolve 2019, c. 97.

The commission shall meet up to 4 times over the course of the Second Regular Session of the 129th Legislature and may hold public hearings and review recommendations from the people of the State and qualified experts when appropriate. The chairs may also provide the opportunity for knowledgeable stakeholders to submit written comments throughout the study process and to provide oral testimony on the commission's draft recommendations.

Sec. 4. Staff assistance. Resolved: That the Department of Transportation shall provide necessary staffing services to the commission, and the Office of Policy and Legal Analysis shall provide drafting assistance for any legislation proposed by the commission.

Sec. 5. Report. Resolved: That, no later than February 14, 2020, the commission shall submit a report that includes its findings and recommendations, including suggested legislation, for presentation to the Joint Standing Committee on Transportation. The Joint Standing Committee on Transportation may submit legislation for presentation to the Second Regular Session of the 129th Legislature.

Sec. 6. Appropriations and allocations. Resolved: That the following appropriations and allocations are made.

Emergency clause. In view of the emergency cited in the preamble, this legislation takes effect when approved.

SUMMARY

This resolve is reported by the Joint Standing Committee on Transportation pursuant to Joint Rule 353 to implement the recommendation of the Blue Ribbon Commission To Study and Recommend Funding Solutions for the State's Transportation Systems. This resolve establishes the Blue Ribbon Commission to Continue Studying and Recommend Funding Solutions for the State's Transportation Systems, to continue the work of studying funding solutions for the State's transportation systems as recommended by the report of the previous commission, created by Resolve 2019, chapter 97.

Appendix E

CONSTITUTION OF THE STATE OF MAINE

Article IX – General Provisions

Section 19. Limitation on expenditure of motor vehicle and motor vehicle fuel revenues. All revenues derived from fees, excises and license taxes relating to registration, operation and use of vehicles on public highways, and to fuels used for propulsion of such vehicles shall be expended solely for cost of administration, statutory refunds and adjustments, payment of debts and liabilities incurred in construction and reconstruction of highways and bridges, the cost of construction, reconstruction, maintenance and repair of public highways and bridges under the direction and supervision of a state department having jurisdiction over such highways and bridges and expense for state enforcement of traffic laws and shall not be diverted for any purpose, provided that these limitations shall not apply to revenue from an excise tax on motor vehicles imposed in lieu of personal property tax.