

C. Unmet Need from [MaineDOT Workplan](#)

Transportation needs in Maine have far outpaced available resources for decades. That disparity had caused MaineDOT to make do in “MacGyver mode,” and “competently manage a slow decline of our transportation system until bipartisan funding solutions materialize.” Due to flagging Highway Fund revenues and a more-than-50-percent increase in construction costs, the scope of the transportation funding challenge was hundreds of millions of dollars per year.

The situation began to change with the passage of the federal Bipartisan Infrastructure Law (BIL) in November 2021. The BIL has allowed MaineDOT to compete for special federal grant and CDS funding, which should more than double the federal transportation funding coming to Maine from pre-BIL levels. The federal government stepped up for transportation. The challenge of state capital funding for transportation remained. A year ago, a reasoned policy and fiscal determination by **the Mills Administration** – made after weighing a multitude of competing priorities – **set the minimum unmet state capital transportation funding need at \$200 million per year**. In an exhibition of bipartisan compromise and wisdom in 2023, lawmakers directed 40 percent of sales tax collected at automotive dealers and sales and use tax collected by the Bureau of Motor Vehicles to the Highway Fund on a perennial basis. This provision meets about half (\$100 million) of the ongoing annual state capital funding need in the current biennium. As provided in section A(1)(d) above, a one-time issuance of HF-supported TransCap revenue bonds was used to meet the other half this biennium.

The ongoing nature of the automotive sales tax provision represents a huge step toward more adequate and reliable capital funding for transportation. MaineDOT can pivot from making do to making real progress, meaning we can consider better, long-term transportation solutions.

MaineDOT is grateful for this bipartisan action, and the travelers of Maine will be too. Maine state government has also stepped up for transportation.

Unfortunately, this is not the end of the story. Many of the fiscal and policy factors that encouraged the state bipartisan compromise last year remain: the size of the annual state capital funding need, personnel and construction cost increases, the fragility of fuel tax revenues, the risks of continued reliance on one-time measures for basic capital funding, and expectations of new transportation spending of all sorts.

The bottom line on unmet need is this: Maine is much better off regarding transportation funding than it was a year ago. **MaineDOT has sufficient resources for the next two years**. Looking forward, however, the RFC and DAFS estimate that the more reliable, ongoing portion

of the annual capital funding from automotive sales tax provision may erode and provide less than half of the need in future years, even if the source itself increases. Additionally, in the third year of this Work Plan and beyond, we will need to find other solutions for at least half of this annual need, now estimated at \$100 million.

That may seem sobering news to some, but this is the best fiscal situation for transportation that the state has seen in years. MaineDOT now has some reliable state capital funding. Of course, fiscal and other challenges remain, but with continued funding support and creativity, we are confident we will deliver real progress for the people of Maine.