

**Testimony in Support of LD 1149  
An Act To Provide Revenue To Fix and Rebuild Maine's Infrastructure**

**by  
James Myall, Maine Center for Economic Policy  
April 11, 2017**

Good afternoon Senator Collins, Representative McLean, and members of the Joint Standing Committee on Transportation. My name is James Myall and I am a policy analyst at the Maine Center for Economic Policy. I am here to testify in favor of LD 1149, "An Act To Provide Revenue To Fix and Rebuild Maine's Infrastructure," as a much-needed remedy to Maine's long-standing infrastructure funding gap.

Maine people and businesses rely on safe, efficient roads and bridges in order to get to work, and conduct commerce. Tourism, the lifeblood of the state's economy, is totally dependent on the ability of Americans, Canadians, and other visitors to travel to, and around our state. For too long, Maine has put off the inevitable task of raising more revenue to meet the real cost of maintaining our infrastructure. We desperately need more funding to fix our crumbling bridges, fill our innumerable potholes, and facilitate economic activity throughout the state. The Federal Highway Administration estimates that every dollar spent on road improvements generates \$5.20 in savings to the economy.

Forty-nine people die each year on Maine's roads from deficient roadway features.<sup>1</sup> Every year, Mainers pay \$1 billion for traffic crashes, vehicle repairs, and wasted fuel from driving on roads in poor structural condition.<sup>2</sup> The average Portland-area based motorist pays an extra \$1,000 a year from our poor roads. Maine is ranked eighth among states with the highest percentage of major rural roads in poor condition.<sup>3</sup>

TRIP, a national transportation research group, estimates Maine's roads and highways face \$1.5 billion in repairs.<sup>4</sup> MaineDOT recognizes that there is a \$160 million annual shortfall between expected revenues and needed repairs.<sup>5</sup> Maine **must** significantly increase transportation funding.

Raising the gasoline tax is the only feasible and equitable means of raising the necessary revenue. The decision to stop indexing the gasoline tax to inflation in 2012 has cost the state

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\$66.8 million in foregone revenues alone.<sup>6</sup> The increase proposed in this legislation would put Maine on a par with 21 other states, which have increased their gasoline tax recently—or are considering such an increase this year. These include proposals from legislators and governors of both parties, and in states like Alaska, Georgia, Mississippi, Oklahoma, and Tennessee, and tourism states like Florida.<sup>7</sup> All across the country, states are realizing the need to match funding sources to expenses.

As an organization that advocates for low-income Mainers, MECEP recognizes that the gasoline tax is not an ideal source of revenue. Low-income Mainers pay a greater share of their income in gasoline taxes, as do rural Mainers. However, Maine is particularly suited to the imposition of a gasoline tax because of its tourism industry. The gasoline tax is the best way to collect revenues from out-of-state visitors, and to spread the contributions among Maine's 34 million annual visitors as well as its 1.3 million residents. In 2015, U.S. tourists accounted for just under one third (29%) of Maine's gasoline tax revenue.<sup>8</sup> Canadian visitors contribute another 5% of the gasoline revenues.<sup>9</sup>

A gasoline tax is overdue in Maine, and we support the provision within this legislation that does so. We take no position on the other provisions of the legislation. We are glad the committee recognizes that Mainers, Maine businesses, and the people who visit our state deserve better roads and that we can no longer postpone the need for increased revenue.

Thank you. I am happy to take any questions.

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<sup>1</sup> TRIP. Maine Transportation By the Numbers. TRIP: Washington, DC, Oct 2016. Available: [http://www.tripnet.org/docs/ME\\_Transportation\\_by\\_the\\_Numbers\\_TRIP\\_Report\\_October\\_2016.pdf](http://www.tripnet.org/docs/ME_Transportation_by_the_Numbers_TRIP_Report_October_2016.pdf).

<sup>2</sup> Ibid.

<sup>3</sup> TRIP. Website. "Top 20 States with Highest Percentage of Major Rural Roads in Poor Condition." Available: <http://www.tripnet.org/national-info-reports.php>, Accessed March 3, 2017.

<sup>4</sup> [http://www.tripnet.org/docs/ME\\_Transportation\\_by\\_the\\_Numbers\\_TRIP\\_Report\\_October\\_2016.pdf](http://www.tripnet.org/docs/ME_Transportation_by_the_Numbers_TRIP_Report_October_2016.pdf)

<sup>5</sup> <http://www.hcpcme.org/transportation/mainedotplans/MaineDOTWorkPlanPreamble2015-2016-2017.pdf>

<sup>6</sup> MECEP analysis based on the Consumer Price Index for 2012-18 (projected) and the Maine Consensus Economic Revenue Forecast. Includes the first quarter of FY18, before the proposed gasoline tax increase would take effect.

<sup>7</sup> <http://www.reuters.com/article/us-usa-gasoline-taxes-idUSKBN15N2PG>;  
<http://time.com/money/4618357/states-higher-gas-taxes-2017/>

<sup>8</sup> MECEP analysis based on data from the Maine Consensus Economic Revenue Forecast and the Maine Office of Tourism's 2015 Visitor Tracking Report. Assumes a \$2.40/gal average price of gasoline.  
<http://visitmaine.com/assets/downloads/2015AnnualReport.pdf>

<sup>9</sup> Canadian tourists account for approximately one sixth of all visitors to Maine. Maine Office of Tourism does not track the total spending of Canadian tourists on gasoline. <http://www.pressherald.com/2016/08/21/canadian-tourism-appears-on-decline-for-third-straight-year/>