

The Maine Heritage Policy Center Testimony to Oppose LD 1836

"An Act To Authorize a General Fund Bond Issue for Infrastructure, Economic Development, Workforce Development and Energy and Environment Investment"

Senator Breen, Representative Gattine and distinguished members of the Committee on Appropriations and Financial Affairs, my name is Adam Crepeau and I am a policy analyst at The Maine Heritage Policy Center. Thank you for the opportunity to testify in opposition to LD 1836, "An Act To Authorize a General Fund Bond Issue for Infrastructure, Economic Development, Workforce Development and Energy and Environment Investment."

The Maine Heritage Policy Center is opposed to this bond package because it is completely unnecessary. The state of Maine is slated to collect \$345 million in additional undedicated revenue over the biennium without the proposed adjustments to revenue sharing and other programs. When those adjustments are factored in, the state will have more funds to spend on executive and legislative branch priorities. It is perplexing that this bond package is being considered at a time when the state is projected to collect the aforementioned new revenue. Not to mention, taxpayers will be on the hook for the interest accrued on these bonds if they pass at the ballot box.

While some of the priorities set forth in the bond package may be worthwhile investments, these priorities would be better spent in the budget. For example, the \$19 million for career and technical education centers is a priority we could support if it was included in the budget and funding for other unnecessary programs received a commensurate reduction.

In 2019 alone, the state of Maine is projected to pay more than \$21.4 million on interest for General Fund and Highway Fund bonds in addition to \$84.8 million for the bonds themselves.¹ The funds spent on interest could be used for other priorities such as reducing the individual income tax or adding to the Budget Stabilization Fund. After all, the Revenue Forecasting Committee and Consensus Economic Forecasting Commission conducted a stress test in 2018 and found that the current funding level in the Budget Stabilization Fund would not be enough to sustain the state during a moderate to severe recession.²

¹ https://www.maine.gov/treasurer/debts_bonds/debt_service_summary.html

² https://www.maine.gov/dafs/economist/sites/maine.gov.dafs.economist/files/inline-files/Stress-Testing_Maine_General_Fund_Revenues_and_Reserves_FY19-FY23.pdf

We the people of Maine...

THE MAINE HERITAGE POLICY CENTER

Because this bonding packing is completely unnecessary and could have been accomplished through the budget with more fiscal restraint, The Maine Heritage Policy Center urges the committee to vote, "Ought Not to Pass" on LD 1836. Thank you.