



Maine Water Environment Association

Protecting Maine's Water Resources

February 24, 2023

Sen. Margaret Rotundo, Chair
Rep. Melanie Sachs, Chair
Joint Standing Committee on Appropriations
& Financial Affairs
Maine State Legislature
100 State House Station
Augusta, ME 04333

Sen. Stacy Brenner, Chair
Rep. Lori Gramlich, Chair
Joint Standing Committee on Environment and
Natural Resources
Maine State Legislature
100 State House Station
Augusta, ME 04333

Re: *Opposition to Part K of Biennial Budget repealing state match for water and wastewater infrastructure investments*

Dear Sen. Rotundo, Rep. Sachs, and Members of the Appropriations and Financial Affairs Committee;
Sen. Brenner, Rep. Gramlich, and Members of the Environment and Natural Resources Committee:

The Maine Water Environment Association (MeWEA) appreciates the opportunity to provide the following testimony against Part K of the Biennial Budget which proposes to repeal a critically-important law that utilizes a portion of annual state liquor revenues as the annual state match to leverage millions of dollars in needed federal funds to support drinking water and wastewater system investments throughout our State.

About MeWEA. The Maine Water Environment Association is a non-profit, all volunteer association of over 650 members. MeWEA represents a diverse group of water quality professionals throughout Maine including wastewater treatment plant operators, sewer collection system operators, utility system administrators, consulting engineers, suppliers, contractors, public works officials, stormwater system operators, and regulatory officials. The mission of MeWEA is to support and enhance Maine's water environment community through promoting training opportunities; supporting balanced environmental policy and practice; and promoting education and collaboration with the public to protect and enhance Maine's water resources.

What does Part K of the Budget do? As drafted, Part K of the Budget would repeal an existing state law that directs a portion of the proceeds from state liquor operations revenue fund to the State Water and Wastewater Infrastructure Fund. This Infrastructure Fund provides that state match to secure federal funds that pay for needed water and wastewater infrastructure investments around the State.

What does the State Water and Wastewater Infrastructure Fund pay for? Many Maine people and businesses in every corner of the State rely on public water systems to provide safe, potable drinking water, and they rely on publicly owned treatment works to treat wastewater generated from household and business use. To maintain these systems, communities must invest millions of dollars to ensure their water remains clean and that wastewater is properly treated. Combined, the capital maintenance needs of these systems runs into the hundreds of millions of dollars.

To help pay for the infrastructure needs of these systems, the federal government provides states with hundreds of millions of dollars each year, subject to a very favorable state match of 5:1. In other words, for every \$5 in federal funds available, a state must provide \$1 in local match. Few federal grant programs are as generous.

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In recent years, Maine has been eligible to receive as much as \$14 million per year from the federal government to support wastewater infrastructure investments, and to leverage these federal funds, Maine must provide \$3.5 in local match. Here is a brief outline of these very favorable terms for the State of Maine to fund wastewater infrastructure investments:

State Match (20%)	\$3.5M
Fed Grant Max	<u>\$14.0M</u>
Total	\$17.5M available for wastewater projects in Maine

Part K of the Budget would repeal the current mechanism for providing the local match for these federal funds.

Why are liquor operation funds used as the local match for federal water and wastewater funds?

For many years, Maine provided the local match for federal water and wastewater funds through a general fund bond issue. This required running an expensive political campaign to encourage voters to approve several million dollars of money per year to leverage many times more in federal money. Given the critical nature of the investments, and the very favorable federal match, voters always approved these bonds.

More recently, the Maine Legislature decided to establish a dedicated revenue stream from liquor operations to ensure a state match for these federal funds and avoid the cost and uncertainty of a general fund bond issue. This step represented a sound fiscal policy and has helped leverage tens of millions of dollars in federal funds to support needed water and wastewater infrastructure investments.

Part K sets Maine back and should be removed from the Budget. As noted above, Part K of the proposed Budget would remove a critically-important part of Maine law that provides dedicated state revenues to secure many times more in federal funds to support water and wastewater infrastructure investments. If Part K remains in the Budget, Maine risks losing these needed federal funds, which would be fiscally imprudent and environmentally unwise.

Conclusion. For the reasons noted above, we strongly urge the Committee to strike Part K from the Budget so that Maine can continue to provide the local match to secure many times more in federal funds to support water and wastewater infrastructure investments. If you have questions or need anything else, please let us know.

Sincerely,

Emily Cole-Prescott

Emily Cole-Prescott, Co-Chair
Government Affairs Committee

Amanda Smith

Amanda Smith, Co-Chair
Government Affairs Committee

cc: Thomas Abello, Office of Governor Mills
Melanie Loyzim, Commissioner, Maine DEP
William Dawson, Director, Maine Drinking Water Program
Timothy Wade, MeWEA President
James I. Cohen, Verrill Dana, LLP, Legislative Counsel