



STATE OF MAINE
DEPARTMENT OF ECONOMIC
AND COMMUNITY DEVELOPMENT



JANET T. MILLS
GOVERNOR

HEATHER JOHNSON
COMMISSIONER

March 5, 2021

Commissioner Melanie Loyzim
Maine Department of Environmental Protection
17 State House Station
28 Tyson Drive
Augusta, ME 04333-0017

Dear Commissioner Loyzim:

This letter provides a Determination of Economic or Social Necessity of the Kingfish project in Jonesport, Maine. This determination is required per Maine DEP's Water Discharge Program Guidance (6/13/2001) re: Antidegradation (item 10C under Antidegradation Procedures and Consideration).

The Maine Department of Economic & Community Development (DECD) relied on the following documents and data to perform our determination:

1. Economic and Fiscal Impacts of a Proposed Recirculating Aquaculture Facility in Jonesport, Maine prepared by the Margaret Chase Smith Policy Center at the University of Maine (July 2020);
2. The Kingfish Company & Kingfish Maine's But For Letter submitted to Maine DECD on December 22, 2020 (required for Kingfish to participate in Maine's Pine Tree Development Zone tax incentive program);
3. Economic conditions in Washington County, ME – specifically, federal economic distress criteria as measured by county per capita income.



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4. University of Southern Maine's Center for Business and Economic Research letter dated March 2, 2021 re: economic impact estimates of capital investment and operations of a new aquaculture facility in coastal Maine.

The following describes the specific information used from these documents and data to inform our determination:

1. The University of Maine's Economic Impact Study for the Kingfish Jonesport project indicates that the planning and construction of the RAS facility (based on the investment of \$108 million) will have an annual statewide economic impact of \$44 million and 366 full- and part-time jobs across Maine totaling \$19 million in labor income (over two years of construction). During annual operations, the facility will have a statewide economic impact of \$28 million per year and 129 full- and part-time jobs across Maine with \$8.4 million in labor income in 2023. The economic impact is projected to increase annually. By 2026, the annual statewide economic impact from facility operations is expected to be \$52 million with 155 full- and part-time jobs totaling \$9.4 million in labor income.
2. Kingfish's "But For" Letter of December 2020 submitted to Maine DECD indicates that the project will result in 100+ new full-time positions at the facility with an average annual wage of \$60,000.
3. DECD performed an economic distress analysis for Washington County, Maine using the StatsAmerica website. The analysis was performed using the methods suggested by the U.S. Department of Commerce's Economic Development Administration. The data gathered from StatsAmerica indicates that Washington County, ME meets the federal economic distress criteria per 13 CFR § 301.3. Specifically, Washington County, ME has a per capita income that is 80% or less than the national average. The most recent data from StatsAmerica indicates that Washington County's per capita income is \$41,094,



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which is 72.7% of the national per capita income of \$56,490.¹ The per capita income data from StatsAmerica is based on the 2019 U.S. Bureau of Economic Analysis figures. As such, Washington County, ME meets the federal criteria for economic distress.

4. USM CBER's March 2, 2021 letter to Maine DECD found that the capital investment and operations of the Kingfish Jonesport facility will provide economic benefits throughout the Maine economy, through indirect and induced spending. CBER's analysis relied on data from the *Maine Aquaculture Economic Impact Report* produced by the University of Maine's Aquaculture Research Institute in 2017. The economic impact estimates of CBER's letter included a total economic output of \$64.4 million during the development and construction period and an annual economic output of \$25.7 million associated with facility operations.

Based on the information above, Maine DECD believes that the jobs created by the Kingfish project will be jobs that are well above the average per capita income for Washington County. This job creation will help to address the economic distress of Washington County, ME.

Maine DECD also finds that the economic and social benefits associated with the Kingfish project include increases in employment, increases in local/regional income, increases in the community tax base, and improved community resiliency. These benefits are directly related to the creation of jobs with higher per capita income than the County average as well as economic impacts during construction and annual facility operations.

In summary, it is Maine DECD's determination that the economic benefits to Washington County and to the State of Maine are significant and will create needed jobs and investment in rural Maine.

¹ StatsAmerica accessed 3/2/21. <https://www.statsamerica.org/distress/distress.aspx>
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I trust that this letter and its contents satisfy Maine DEP's Antidegradation requirements specific to the Kingfish Jonesport project. Please do not hesitate to reach out to me directly if you have any questions.

Sincerely,

A handwritten signature in blue ink, appearing to read "Heather Johnson".

Heather Johnson
Commissioner

Cc: Denise Garland, Deputy Commissioner, Maine DECD
Cindy Dionne, DEP

carrie peabody
Jonesport
LD 508

April 19, 2023

Dear Environmental and Natural Resources Committee,
I am the wife of a fourth-generation fisherman whose livelihood is threatened by a recent decision to permit Kingfish Maine, a large open-RAS industrial-scale aquaculture company, to operate in Chandler Bay. The aquaculture industry poses an adverse risk to the future of lobstering in our community and to our pristine waters. I am concerned with the encroachment of aquaculture in our waters and how the industry will affect the future of coastal Maine communities and our environment. The Town of Jonesport is known for its stringent Shoreland Zone and Land-Use/Development ordinances however during the review of the Kingfish permit, the Jonesport Planning Board altered existing standards approved by the citizens of Jonesport. Agriculture was redefined to include aquaculture (a procedural flaw), less stringent water quality standards were adopted in lieu of more stringent standards, and zoning requirements were upended. The stringent standards approved by the townspeople were bypassed to push the permit through, regardless. As part of the Planning Board determination, the Kingfish operation must test water quality once/month from May-Oct. No testing will occur in the winter months and test samples will not be inventoried. The Planning Board interviewed water test experts that were chosen by Kingfish, which should be seen as a conflict of interest. Shouldn't testing procedures require collection and analysis by experts at the Department of Environmental Protection (Dep) level only? Standards for permit review must be tightened to require enforcement of water quality testing year-round, water samples should be inventoried, and aquaculture companies should have no involvement in choosing the testing entity.

I have attached a Department of Economic and Community Development (DECD) letter from Heather Johnson, Commissioner of the State of Maine DECD to Melanie Loyzim, Commissioner for Maine's DEP. The letter, aka "but for" letter, provides a "Determination of Economic or Social Necessity of the Kingfish project in Jonesport which is required per Maine DEP's Water Discharge Program Guidance re: Antidegradation." Johnson determined that the aquaculture industry is good for "economic development and jobs." The Determination was applied in lieu of strict water quality and zoning ordinance standards during the Kingfish Maine aquaculture permit review process by our local Planning Board. The letter content was cited within the Kingfish permit in areas that were found to be problematic for Kingfish, i.e. water quality and zoning. This trade-off also allowed for damage to wetlands on the proposed site where the Kingfish operation will construct its 500,000 sq ft facility. A facility located within the 75 ft. setback, in close proximity to residential neighborhoods, with industrial piping to extend over 2000 ft into Chandler Bay. The application of the DECD's economic/job criteria allows for lesser stringent shoreland zoning and water quality standards to be applied, thus permitting discharge to be flushed into Chandler Bay. This reasoning is detrimental to communities in ways we cannot predict.

More must be done to protect our Maine communities from aquaculture companies that are functionally water dependent. The DEP is responsible to enforce regulation of our waterways to ensure that the methods used by aquaculture companies use best practice technology. There are aquaculture companies that operate on land without dependency upon coastal waters. The State of Maine must ensure that these large-scale aquaculture facilities do not cause long-term damage to our existing marine environment.

The State of Maine's DEP, DECD, and other agencies involved in permit review processes should not apply economic development reasoning for any reason, nor should municipalities. Economic development is not measurement criteria for water quality, zoning, or any ordinance standard.

We must put controls in place to ensure that we are not selling our out resources to aquaculture companies just because it's lucrative. Coastal communities are being undermined by the DEP, DECD and Maine & Co. Pristine environments and protected wetlands are being sold out to aquaculture – and for what? Local municipalities are grappling with how to deal with this encroachment. My understanding was that my local town ordinances would serve as protection against this type of encroachment. But in Jonesport's case, our ordinance protection failed as a result of the 'but for' letter generated by the DECD to allow for leniency in standards in support of economic development.

To learn more in depth about what has been going on with Aquaculture and it's encroachment into Maine, refer to the attached articles published by Lincoln Millstein, a 2022 Yankee Quill award recipient and a former Hearst executive at Acadia National Park. His articles/documentation below highlight questionable activity between State agencies and the aquaculture industry. Just what have the State, the DECD, DEP, Maine & Co, and others been up to? The benefits and special treatment being offered to aquaculture companies at the expense of taxpayers must be exposed and stopped.

1.State Peddling Coastal Towns to Fish Farms Without Local Officials Knowledge
<https://theqsjournal.substack.com/p/state-peddling-coastal-towns-to-fish>

This article by Millstein contains email correspondence between Charlotte Mace, the state's director of business development and Divya Kapuria of Heartland LLC, Seattle broker.

"I have read that there is some pushback and moratoriums on land-based aquaculture use. Which towns from the list above are in support of land-based aquaculture use? ...The current hurdle for some sites is zoning. Aquaculture is a planning board approved use in most towns. Is there any flexibility to rezone Shoreland Zoning?" Kapuria wrote.

Mace responded and "referred the matter to Maine & Co., the state's unofficial marketing arm which receives state funding and whose board members include the state's economic development commissioner: "Maine & Co. specializes in high-end economic development work, including site selection for the marine economy and land-based aquaculture sectors. So I have cc-ed Peter DelGreco and Ashley Pringle of Maine & Co. on this email."

2.How a Norwegian felon managed to get a white-glove welcome from the State of Maine

<https://theqsjournal.substack.com/p/how-a-norwegian-felon-managed-to>

This article highlights conversations between the deputy commissioner of the DMR, Meredith Mendelson and Denise Garland, the deputy commissioner of the DMR, Meredith Mendelson, among others. Read about "how American Aquafarms struck up a relationship with Maine & Co. Norwegian Mikael Roenes, founder of American Aquafarms and a convicted felon who spent more than two years in prison in Norway, made his first contact with the state on April 6, 2020, weeks after he began to be coached by Maine & Co."

What processes are in place to ensure Maine is dealing with companies that are legitimate? Are we putting coastal communities at risk by luring companies to Maine that might take advantage of us rather than benefit us economically?

3.Main & Co. Land-Based Aquaculture incentives:

www.maine.gov/decd/businessdevelopment/landbasedaquaculture;

https://drive.google.com/file/d/10YdIXlZHmBa-NJUM_AAzZylfPDDXwVgt/view
and www.maineeco.org/aquaculture.

Per Millstein, "Garland's boss, Maine Economic Development Commissioner Heather Johnson is a board member of Maine & Co. Maine & Co., a taxpayer-supported chamber of commerce-like non-profit which is the state's unofficial marketing agency, is Maine's bright neon beacon for attracting outside investment. It's the centerpiece of Maine's efforts to lure industrial-scale aquaculture companies." Peter Del Greco, CEO of Maine & Co was interviewed about Maine & Co's role with aquaculture companies interested in doing business in Maine. Del

Greco claims they “introduce people to resources that they'll be needing. When someone comes here, they're going to need a law firm. They're going to need an accounting firm. They're going to need a bank,” Maine & Co. also introduces them to government officials and insiders.”

I expect the State of Maine to protect its waters and marine resources. LD508 is a step in the right direction and should be approved as it underscores the need for protection of our waters and our environment from large-scale commercial industrial open-RAS aquaculture operations. Maine's DEP must apply more stringent regulations to the operation of aquaculture facilities. If not, irreparable damage could occur, thus eliminating sustainability for all marine industries, including aquaculture.

We cannot allow large-scale commercial/industrial open-RAS aquaculture industries to make their own rules with our resources. The DEP must be held accountable to uphold the laws governing the site location of development and the Natural Resources Protection Act to protect our coastal marine environment.

Please support LD508.

Sincerely

Carrie Peabody
Jonesport, Maine

References:

1. Quietside Journal – The Quietside Journal | Lincoln Millstein | Substack
2. State Peddling Coastal Towns to Fish Farms Without Local Officials Knowledge
<https://theqsjournal.substack.com/p/state-peddling-coastal-towns-to-fish>
3. How a Norwegian felon managed to get a white-glove welcome from the State of Maine
<https://theqsjournal.substack.com/p/how-a-norwegian-felon-managed-to>
4. Maine & Co. Land-Based Aquaculture incentives: -
Home Page - Maine & Co.
(maineco.org) www.maine.gov/decd/businessdevelopment/landbasedaquaculture; -
https://drive.google.com/file/d/10YdIXlZHmBa-NJUM_AAzZylfPDDXwVgt/view
www.maineco.org/aquaculture