

**TESTIMONY OF  
MICHAEL J. ALLEN, ASSOCIATE COMMISSIONER FOR TAX POLICY  
DEPARTMENT OF ADMINISTRATIVE AND FINANCIAL SERVICES**

Before the Joint Standing Committee on Taxation  
Hearing Date: *March 12, 2025*

LD 819 – *“An Act Concerning the Status of Battery Storage Systems with Regard to the Business Equipment Tax Exemption”*

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Senator Grohoski, Representative Cloutier, and members of the Taxation Committee – good morning, my name is Michael Allen, Associate Commissioner for Tax Policy in the Department of Administrative and Financial Services. I am testifying at the request of the Administration Neither For Nor Against LD 819, *“An Act Concerning the Status of Battery Storage Systems with Regard to the Business Equipment Tax Exemption.”*

I first would like to raise a couple of technical considerations. First, the bill limits the definition of batteries to only include those that use chemical reactions to store energy. While it is our understanding that this would cover current battery storage systems on the market, consultation with the Governor’s Energy Office or others with expertise is suggested to ensure this definition captures the intended systems.

Second, this bill excludes battery systems from the BETE program. However, once excluded, it could be argued that battery systems, in certain circumstances, might be eligible for either the Business Equipment Tax Reimbursement (“BETR”) program or the renewable energy equipment exemption. If the intent is to make these battery storage systems subject to tax, clarifying their status under BETR and the renewable energy equipment exemption would be advised.

Finally, there are a small number of existing battery storage systems that are receiving an exemption through the BETE program that would no longer be eligible if this bill passes. While the bill's total fiscal estimate is unavailable at this time, the bill will result in some reduction in the State reimbursement to municipalities for the BETE program due to the exclusion of these systems. Administrative costs can be absorbed under current budgetary allotments.

While we are testifying neither for nor against on this bill, I'll add that the question of whether a battery storage system qualifies under the BETE program is open to argument under current law and has been a source of confusion and discussion since these systems came to Maine. Whichever route the Legislature chooses to go on this issue, providing clarification on the Legislature's intent would be invaluable to ensure equitable administration and treatment of these systems. The Administration looks forward to working with the Committee on the bill; representatives from MRS will be here for the Work Session to provide additional information and respond in detail to the Committee's questions.