



Testimony in Opposition to LD 1096:

“An Act to Allow Municipalities That Have Financed Fiber-optic Broadband Infrastructure to Use Loans or Grants to Repay Associated Debt”

Senator Lawrence, Representative Sachs, and the distinguished members of the Committee on Energy, Utilities and Technology, my name is Harris Van Pate, and I serve as policy analyst for Maine Policy Institute. Maine Policy is a free market think tank, a nonpartisan, non-profit organization that advocates for individual liberty and economic freedom in Maine. Thank you for the opportunity to submit testimony in opposition to LD 1096.

This bill proposes to allow municipalities to use future loans or grants, particularly from the state’s Municipal Gigabit Broadband Network Access Fund, to repay existing debt incurred for broadband infrastructure projects. While this may appear to provide short-term relief to local governments, the long-term consequences for local taxpayers, market competition, and the responsible stewardship of public funds, are deeply concerning.

Encourages Irresponsible Borrowing and Fiscal Mismanagement

LD 1096 sets a dangerous precedent by using taxpayer-backed loans to retroactively bail out municipal entities that undertook broadband infrastructure projects without clear, sustainable financial plans. Such a policy encourages municipalities to incur debt without sufficient due diligence, assuming future state or federal aid will absolve them of repayment responsibilities. This fundamentally undermines local accountability and the principle that public borrowing must be rooted in sound fiscal planning.

Expands Government-Run Broadband at the Expense of Private Innovation

Municipally-owned broadband networks often require heavy upfront costs and recurring maintenance expenses that burden local taxpayers. Rather than crowding out private-sector providers, the state should work to foster competition and innovation by reducing regulatory barriers and promoting private investment. Public subsidies for municipal broadband create an uneven playing field, as taxpayer-funded entities compete with companies that must operate with fiscal discipline and market efficiency.

Private broadband providers in Maine have demonstrated an ongoing willingness to invest in infrastructure, particularly when given regulatory clarity and incentives to serve rural communities. The Maine Connectivity Authority should continue to partner with these entities rather than assume that government-run networks are the best path forward.



Converts Capital Investment Tools into Bailout Mechanisms

Infrastructure grants and loans are designed to fund new capital improvements, not to patch holes in mismanaged municipal budgets retroactively. Allowing grant funds to be used for debt repayment blurs the line between capital financing and debt service, diminishing the impact of these resources and limiting their availability for new, shovel-ready projects that could serve more Mainers more efficiently.

Fails to Address Core Challenges in Broadband Expansion

LD 1096 does nothing to reduce the barriers to broadband deployment in Maine, such as restrictive permitting, pole attachment delays, and labor shortages in fiber installation. Instead, it simply shifts financial burdens away from municipalities and onto the broader pool of taxpayers, many of whom will never benefit directly from these projects.

Rather than bailing out failed or underperforming municipal broadband initiatives, the Legislature should focus on policies that facilitate cost-effective, technology-neutral broadband deployment, particularly in underserved and rural areas.

Conclusion

The Maine Policy Institute urges the committee to reject LD 1096. This bill would weaken fiscal discipline, distort the broadband market, and misuse public funds. Maine must prioritize sustainable, market-based solutions to broadband deployment that minimize taxpayer risk and maximize long-term connectivity outcomes. Thank you for your time and consideration.