



Committee on Taxation
c/o Legislative Information Office
100 State House Station Augusta, ME 04333

April 9, 2025

Testimony Regarding LD 1355 – Resolve, to Require the Office of Tax Policy to Study
Taxation of Renewable Energy Infrastructure

Dear Chairwoman Grohoski, Chairwoman Cloutier and members of the Committee,

My Name is Paul Williamson, Director of Development for Key Capture Energy (KCE)'s New England Region. KCE develops, owns, and operates standalone battery energy storage systems, with 14 facilities totaling over 600 MW in operation across the country. Personally, I have worked in renewable energy development since 2014, including wind, solar, and battery projects.

KCE appreciates that LD 1355 provides an opportunity for the review and improvement of current energy tax policies to reduce complexity, encourage investment through financial certainty, and improve the benefit certainty for host communities of clean energy projects.

The current system is in need of reform to better support the deployment of clean energy resources in Maine, and to provide more clarity regarding the benefits that these resources offer communities. Throughout my career, I've negotiated multiple Tax Increment Finance (TIF) agreements for large-scale wind and solar projects in Maine and have experience with the current renewable energy taxation process.

The current process typically unfolds as follows:

- First, a developer presents a project to a community, but neither the developer or local officials are able to provide the public with accurate economic estimates due to the complexity of the system.
- Later in the development process, the town learns that the project's tax revenues may cause a net loss due to the project's impact on the county and

state revenue share formulas. The solution is to use a TIF combined with a Credit Enhancement Agreement (CEA).

- This program allows a town to reimburse funds to the project developer, which then returns those same funds to the town for economic development. However, towns often need to stretch definitions for economic development (e.g., road paving, ambulance services) to qualify for CEA.
- Many stakeholders don't fully understand this process, but proceed based on legal advice, even though they are often confused by the complicated system.
- From my experience, legal costs for these agreements averaged roughly \$70,000, which diverts funds from community investment.
- At the end of this process, towns are then left with 20-30 years of a TIF as well as CEA reporting requirements. The additional administration cost reduces the availability of funds for investment.

Ultimately, the current process is confusing for towns and clean energy developers alike and results in a needlessly burdensome process for both towns and developers. In place of this process, KCE recommends a more straightforward solution to implement a standard statewide tax and revenue system based on capacity or size of a project.

This would allow towns that host large beneficial energy projects to be rewarded for hosting renewable energy, and renewable tax revenues would be exempt from having an impact on revenue-sharing formulas. A standardized capacity tax formula based on a set tax rate multiplied by a project's size in megawatts would provide certainty for both developers and towns. Developers would benefit from early cost certainty, improving project planning and competitiveness and towns would gain predictable revenue for the project's lifespan, providing long-term financial planning advantages. This tax rate should vary by energy type due to different commercial structures.

Key Capture Energy (KCE) supports the Committee in addressing the issue of property taxes for battery energy storage. We ask the committee to consider amending LD 1355 to establish a capacity tax on battery energy storage this year, rather than studying the issue for potential action in a future year. We are at a critical juncture for the industry and by establishing a capacity tax now we can position Maine as a leader in the battery energy storage field today and in the years ahead.

If the committee decides to move forward with the study, I recommend the study be conducted expeditiously.

KCE encourages members of the committee to support LD 1355 to promote a streamlined tax policy that will enhance investment and benefits for the state, communities, energy projects and developers.

Paul Williamson



Director, Development -ISONE

Key Capture Energy

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