



Maine Municipal  
Association

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Testimony of the Maine Municipal Association

In Opposition to LD 1646

*An Act To Restore Local Ownership and Control of Maine's Power Delivery Systems*

May 14, 2019

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Senator Lawrence, Representative Berry, members of the Energy, Utilities and Technology Committee, my name is Garrett Corbin and I submitting this testimony in opposition to LD 1646 on behalf of the Maine Municipal Association at the direction of the Association's statewide Legislative Policy Committee.

As your committee has heard this session through testimony on LD 1206, MMA's *Act Regarding Utility Poles in Public Rights-of-Way*, municipal officials statewide have had difficulty with the responsiveness of a variety of types of utility companies to municipal requests. Even so, seven key concerns have been raised by municipal officials to this legislation.

First among them are the serious municipal budgeting questions regarding the impact to already stretched property tax resources. In the wake of over a decade and hundreds of millions of dollars' worth of declining revenue sharing receipts, there is serious concern in the municipal community regarding losing additional revenue. Based on information provided by CMP and Emera, these two transmission and distribution utilities provided Maine's municipalities with close to \$70 million in tax revenue in 2018. The proposed Title 35-A, section 4005 includes language that would only require the public entity to pay the full tax assessment to the municipality where the property is located when the public utility's revenues exceed expenditures plus necessary reserves. The language in this section also leaves unclear whether payments-in-lieu-of-taxes (PILOTs) would apply to any newly constructed or affixed types of utility property in the future, when these new facilities (including poles, lines, and substations) would otherwise be subject to local taxation. The lack of assurance in the bill's language that these PILOT revenues will fully reimburse municipalities, combined with the context of the state falling far short of full reimbursement to Maine's towns and cities in other programs, gives municipal officials the strong impression that LD 1646 will be more likely than not to generate additional burdens on local resources.

The remaining concerns, in no particular order, are:

- Questions pertaining to the state's expertise to manage what will be a very significant operational undertaking, legally and logistically;
- The importance of conducting a thorough cost-benefit analysis in advance to ensure taxpayer and ratepayer impacts are not exacerbated;
- Details regarding how this transmission transition will actually work and what the impacts to the public are in the interim;
- Protecting the authority of existing consumer-owned utilities to service their respective territories;
- General reluctance for public entities to entirely take over private enterprises; and
- The need for strong conflict of interest provisions applicable to the appointees of the proposed Maine Power Delivery Authority's Governance Board.

For these reasons, municipal officials are unable to support this proposal at this time, believing the drafted language would give rise to more questions than answers. That said, the municipal community would not object to additional study of this concept in order to better ascertain the public advantages and disadvantages.