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Testimony of Rep. Ellie Sato presenting

LD 819, An Act Concerning the Status of Battery Storage Systems with Regard to the Business Equipment Tax Exemption

Before the Joint Standing Committee on Taxation

Senator Grohoski, Representative Cloutier, and esteemed members of the Taxation Committee, my name is Ellie Sato, and I represent House District 109, which includes part of Gorham. I'm here today to present **LD 819, An Act Concerning the Status of Battery Storage Systems with Regard to the Business Equipment Tax Exemption**.

This bill would include battery storage systems with a total capacity of two megawatts or more in the definition of "certain energy facilities" in the Business Equipment Tax Exemption Program. In order to better explain what this would mean, I will provide context on why I'm bringing this bill forward.

In my hometown of Gorham, Cross Town Energy Storage is currently in the process of being built. Under the Business Equipment Tax Exemption Program, or BETE, certain energy facilities defined under 36 M.R.S.A. § 691 (2)(A), (2), cannot access this tax exemption. There is ambiguity as to whether or not battery storage facilities classify under the definitions listed. Historically, other battery storage facilities that have been built in Maine haven't benefited from this program. If battery storage facilities were able to access this program, the business would be exempt from paying property taxes and towns would be reimbursed at only 50% by the state.

In August of 2023, MRS issued an advisory in response to Plus Power, the company building the battery storage facility in my district, which interpreted the statute based upon the affidavit that the company provided, saying that this facility would be able to access the benefits of the BETE Program because the batteries aren't capable of transmission. MRS included a stipulation that if it is found that the information from the advisory is different or otherwise incorrect or inaccurate, the ruling would be subject to change. The result is that this advisory exacerbates the ambiguity.

That's why I have brought this bill before you today, to clarify the statute to remove the ambiguity and to support municipalities in Maine that continue to grapple with high property taxes. This bill isn't about disincentivizing battery storage facilities from coming to Maine, it's about ensuring that these incentives don't come in the form of property tax exemptions.

I stand before you, in support of the Town of Gorham, which is only one of many municipalities across the state whose residents are struggling year after year to pay their property taxes. The pie that must be shared among property owners in Gorham is mostly made up of local residents. If the battery storage facility in Gorham is able to access the BETE program, that would mean that the other half of the property taxes that would have been paid, would have to be covered by the residents of Gorham. The ambiguity in the current language would not just impact my town, but also other municipalities that may build battery storage facilities, which are more rural than mine.

Thank you for your consideration, and I would be happy to answer any questions that you may have.