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Testimony of Rep. Tavis Hasenfus introducing
LD 1355, Resolve, to Require the Office of Tax Policy to Study Taxation of Renewable Energy Infrastructure
Before the Joint Standing Committee on Taxation

Good afternoon, Senator Grohoski, Representative Cloutier and esteemed members of the Taxation Committee. My name is Tavis Hasenfus, and I represent House District 57, which is the communities of Readfield and Winthrop. I am here before you today to introduce **LD 1355, Resolve, to Require the Office of Tax Policy to Study Taxation of Renewable Energy Infrastructure.**

I brought this bill forward after hearing from several organizations concerned about the complexities and inconsistencies in how large-scale renewable energy projects are taxed in Maine.

Maine Revenue Services recently completed a study on the taxation of smaller energy projects, and it seems like a logical next step to examine the taxation of larger projects. My hope is that this study will lead to recommendations for a more consistent and predictable tax structure.

In considering the appropriate tax policy for large-scale energy-producing infrastructure, I have identified several key questions that warrant further examination:

- **Taxation Basis:** Should these properties be taxed as tangible personal property, or should taxation be based on the amount of energy they produce?
- **Local vs. Statewide Taxation:** Is the current system of local property taxes, which vary from municipality to municipality, more advantageous than a consistent statewide structure? Would it be better to have a statewide structure that could compensate host municipalities based on energy production rather than property value?
- **Depreciation:** How should property depreciation be factored into taxation? Would a consistent tax over the facility's lifetime be preferable to fluctuating personal property or real estate taxes?
- **Property Valuation:** The current process of property valuation is cumbersome, often requiring specialized appraisals to determine the real value of these properties. This raises

the question of how much tax should be assessed, over what duration, and how to ensure fairness. While some municipalities have developed effective systems, others lack the expertise needed to create an appropriate long-term tax plan.

I believe there are potential benefits to be gained from a revised tax structure for large-scale energy production. They include:

- **Taxation Based on Energy Production:** Taxing these facilities based on energy production, rather than the value of the equipment, could provide a more accurate reflection of their impact and value. It could also simplify the process for municipalities.
- **Predictability and Consistency:** A more consistent approach would benefit both municipalities and companies by providing greater predictability in revenue generation and tax obligations.
- **Preventing a “Race to the Bottom”:** A consistent tax scheme could prevent a “race to the bottom” among Maine towns seeking to attract these projects, particularly when projects impact multiple municipalities.

At this time, I do not advocate for a specific tax model. However, I believe that a comprehensive study, as outlined in LD 1355, is essential. This study will provide the legislature with the information and analysis needed to develop a long-term tax plan that benefits municipalities, provides companies with the consistency and predictability they need to invest in Maine, and advances our state's goals of energy independence.

For all these reasons, I ask that you support LD 1355. I am happy to take your questions, but there will be folks who testify after me that may be best suited to speak to specifics.

Thank you for your time.