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DEPARTMENT OF ECONOMIC  
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**Testimony of Mike Duguay**  
**Neither For Nor Against**  
**LD 1217**

**An Act Regarding the New Markets Tax Credit and the Maine  
New Markets Capital Investment Program**

Senator Grohoski, Representative Cloutier, and honorable members of the Joint Standing Committee on Taxation, my name is Michael Duguay and I am the Commissioner of Economic and Community Development. I am here today to submit testimony **neither for nor against** LD 1217, "An Act Regarding the New Markets Tax Credit and the Maine New Markets Capital Investment Program." I appreciate the opportunity to offer comments on this bill.

At its core, LD 1217 seeks to refine and expand a proven tool for catalyzing private investment in underserved and economically challenged communities across Maine. The proposed updates aim to increase transparency, accountability, and inclusiveness, particularly through the establishment of a specific investment fund, which would help ensure that capital reaches businesses that have strong local ties and leadership reflective of our state's diverse and rural populations. I have seen first-hand how these credits help spur employment and economic activity in Maine communities.

The importance of New Market Tax Credits in an economic development project are several fold. First, they assist businesses in obtaining capital that in the near-term functions similar to that of an equity investment. In addition, these funds are exceedingly difficult to attract without a tax credit and normally would not be available for the project. Secondly, NMTC funds can routinely amount to up to 20% of the capital stack of any given project according to industry observers. Thirdly, these funds normally assist larger investment dependent projects at an amount, tens of millions of dollars of investment, where Maine struggles to have available resources that have the same flexibility of those like NMTC funds. And lastly, the program invests in businesses located in communities that are economically challenged and that may otherwise have fewer employment opportunities.

The inclusion of criteria to support investment in diverse businesses and nonprofits serving economically disadvantaged areas is a thoughtful and commendable approach. It demonstrates a clear intent to use the program not only to stimulate economic growth, but to do so equitably.



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At the same time that I see this as a welcomed economic development tool, I understand that Maine is currently facing a tight budget year. Any expansion or reallocation of tax credit authority must be weighed carefully against competing demands on limited state resources.

As this proposal moves forward, we encourage and welcome that any authorized investments deliver measurable, in-state economic outcomes, and that the program is administered with fiscal discipline and long-term accountability in mind.

Thank you for your time and your thoughtful consideration of this testimony. I am happy to answer any questions you may have.