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*Testimony of Rep. Valli Geiger presenting*

## **LD 1913, An Act to Allow Matinicus Isle Plantation to Issue a Revenue Bond for Urgently Needed Repairs to the Plantation's Electric Power Generating Facility**

*Before the Joint Standing Committee on Energy, Utilities and Technology*

Senator Lawrence, Representative Sachs and colleagues of the Committee on Energy, Utilities and Technology, I am Valli Geiger, and I represent House District 42, which includes Criehaven Township, Matinicus Isle Plantation, Muscle Ridge Islands, North Haven, Owls Head (part) and Rockland. I am pleased to present **LD 1913, An Act to Allow Matinicus Isle Plantation to Issue a Revenue Bond for Urgently Needed Repairs to the Plantation's Electric Power Generating Facility**.

The basic issue being addressed by this bill is that Matinicus's power generating facility, which was authorized by legislation in 1975, needs upgrades that the town must pay for. As you will hear in more detail, the precise language of the bill authorizing Matinicus to own and operate the electric power generating facility includes some contradictory language that appears to limit the town's ability to borrow for the needed repairs.

In short, my bill proposes a technical change in the 1975 charter to reconcile inconsistencies in Matinicus Island Plantation's statutory authorization to borrow money through the issuance of general obligation bonds to the Maine Municipal Bond Bank (MMBB). The bond issue will allow Matinicus Island Plantation to fund necessary improvements to the Island's power generating facility.

This bill was allowed after cloture because Matinicus had already filed an application with the MMBB for long-term financing to pay for the needed improvements. The closing on the MMBB bond issue was originally scheduled for May of 2025 but MMBB and its bond counsel determined that the 1975 authorizing language contains contradictory provisions that compromise the town's ability to actually issue fully compliant general obligation bonds backed by the full faith and credit of Matinicus and its tax base. Specifically, Section 4 of the Act authorizes the issuance of general obligation bonds (which is also a power authorized by 30-A M.R.S. § 7101 and Chapter 223 of Title 30-A). Section 5 of the 1975 Act, however, limits the "general obligation" (tax base contribution) to a maximum of 50% of the debt service payments, meaning the bonds cannot fully qualify as general obligation bonds.

The proposed change is to amend the 1975 Act authorizing Matinicus to establish an electric power generating facility by clarifying that (1) Matinicus can raise and appropriate an amount annually that is sufficient to cover the principal and interest payments on the MMBB long-term financing, rather

than an amount not to exceed 50% of that cost, (2) Matinicus is further authorized to issue revenue obligation bonds (supported by user rates and charges) and (3) Matinicus has clear authority to regulate and fix rates and fees in relation to the facility.

Thank you for your consideration. I hope you will join me in supporting Matinicus by voting "Ought to Pass" on LD 1913.