



## **Innovative Natural Resource Solutions LLC**

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### **Testimony In Support of LD 2044**

#### **“An Act to Allow for the Transferability of the Biofuel Production and Renewable Chemicals Tax Credits”**

January 20, 2026

Eric Kingsley, [kingsley@inrslc.com](mailto:kingsley@inrslc.com)

Good afternoon, Senator Grohoski, Representative Sayre, and distinguished members of the Taxation Committee. My name is Eric Kingsley, a partner in the forest industry consulting firm Innovative Natural Resource Solutions LLC. I live in South Portland, and I am testifying in strong support of LD 2044, *An Act to Allow for the Transferability of the Biofuel Production and Renewable Chemicals Tax Credits*.

Through my firm, I am working with Castlerock Biofuels on the development of a biorefinery in Millinocket, at the site formerly used for paper manufacturing by Great Northern Paper. This project, expected to break ground this calendar year, will use +/-300,000 green tons of slash – the tops and branches from trees harvested for other products – to make a bio-oil that can be used in institutional heating applications, like universities and hospitals. This product has been made for over two decades at biorefining sites in Canada and the product is currently in use at facilities in New England. This project, once constructed, will provide significant economic activity at the biorefinery in Millinocket and in the woods, providing feedstock for this renewable technology.

The forest products industry is midway through a significant transition – while paper and lumber are and will be the core of manufacturing in my industry, we are seeing new products and product categories emerge. This is particularly true for wood-based biofuels, which have a significant opportunity to displace heating oil, which is the most common heating fuel in Maine and much of the Northeast.

This industry transition is not unique to Maine. Yes, we have lost many large wood-using industries in the past decade, but we are far from unique. In my work, I have dealt with similar issues in Pennsylvania, North Carolina, New Hampshire, Wisconsin, Washington State, Louisiana, and Nova Scotia. If Maine wants to host the next generation of forest

industries – and the economic and environmental benefits they provide – it is critical that the state position itself as a place that welcomes and supports emerging technologies.

LD 2044 changes an existing tax incentive and makes it more predictable – and thus bankable – for an industry early in its development. Tax credits are an exceptional way to incentivize the types of development that provide a public benefit, but those credits are only useful once a company has advanced to the point of having a tax liability. This bill would allow biofuel companies to sell their tax credits, allowing them to realize that value and increase the likelihood of a successful project financing.

Maine has the forests, the people, and the industry infrastructure to be a leader in emerging forestry markets. An area where we can strive to do better is providing the economic climate that makes investment in emerging technologies in our state more stable – LD 2044 marks an important step in this direction.

Thank you for the opportunity to speak with you today, and I am happy to answer any questions or provide additional information.

**Most Common Heating Fuel by County** (Source: *Washington Post*)

