

**TESTIMONY
OF MICHAEL DUGUAY, COMMISSIONER
DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT**

Before the Joint Standing Committee on Appropriations and Financial Affairs and
the
Joint Standing Committee on Housing and Economic Development

Hearing Date: February 19, 2026

**“An Act Making Unified Supplemental Appropriations and Allocations for
the Expenditures of State Government, General Fund and Other Funds, and
Changing Certain Provisions of the Law Necessary to the Proper Operations
of State Government for the Fiscal Years Ending June 30, 2026 and June 30,
2027.”**

Good afternoon Senator Rotundo, Representative Gattine and members of the Joint Standing Committee on Appropriations and Financial Affairs; Senator Curry, Representative Gere and members of the Joint Standing Committee on Housing and Economic Development. My name is Mike Duguay and I am the Commissioner of the Department of Economic and Community Development. I am here today to testify in support of LD2212, the Supplemental Budget.

This is the final budget proposal from the Administration. The proposal delivers financial relief to Maine people, preserves programs lawmakers and Maine people support, and addresses some emergent issues, including impacts of new federal legislation. Governor Mills’ guiding belief has always been our strongest asset is the people of Maine and that’s why this budget, like those in the past, seeks to invest in and support them. We look forward to working with the Legislature in the coming weeks to enact a balanced budget that supports Maine people and protects the fiscal health of our state.

OFFICE OF INNOVATION 0995

Initiative: As part of the Governor's AI Commission recommendations, provides funding to the Maine Technology Institute, Maine Entrepreneurial Resource Corps Artificial Intelligence (MERC AI) program to provide curated cybersecurity courses and small grants to eligible Maine businesses and entrepreneurs to access Maine-based consultants with expertise in artificial intelligence and cybersecurity.

GENERAL FUND
All Other

	2025-26	2026-27
		200,000
Total	0	200,000

Summary - GENERAL FUND
All Other

	2025-26	2026-27
		200,000
Total	0	200,000

OFFICE OF TOURISM 0577

Initiative: Provides funding to align allocations with projected expenditures and available resources.

OTHER SPECIAL REVENUE FUNDS
All Other

	2025-26	2026-27
	615,008	636,532
Total	615,008	636,532

Summary - OTHER SPECIAL REVENUE FUNDS
All Other

	2025-26	2026-27
	615,008	636,532
Total	615,008	636,532

Total Agency/Department

All Funds		
GENERAL FUND	615,008	836,532
OTHER SPECIAL REVENUE FUNDS	615,008	200,000
		636,532

SUPPLEMENTAL BUDGET TESTIMONY

For the Department of Economic and Community Development (DECD), the supplemental budget reflects a general fund request to support the recommendations from the Maine AI Task Force as well an initiative that recognizes increased revenues in the Office of Tourism and initiatives to further support the economic development at the former Loring Air Force Base in Limestone and the work of Maine's Space Corporation.

OFFICE OF INNOVATION

The initiative for the Office of Innovation may be found on **page A-27**.

Artificial intelligence (AI) holds the potential to help Maine businesses increase productivity, competitiveness, and innovation and expand opportunities for good jobs if used appropriately. The budget request provides funds to expand the Maine Technology Institutes' Maine Entrepreneurial Resource Corps AI program, by providing curated cybersecurity courses and small grants to eligible Maine businesses and entrepreneurs to access Maine-based consultants with expertise in AI and cybersecurity.

OFFICE OF TOURISM

The initiative for the Office of Tourism may also be found on **page A-27**.

As a result of an increase in revenues projected by the Revenue Forecasting Committee, this initiative increases the allocation by just over \$600,000 in both fiscal year 2026 and 2027.

PART J

Sec. J-1. Sec. 1. 5 MRSA §13080-Q, sub-§2, ¶D, as amended by PL 2013, c. 413, §1, is further amended to read:

D. Payments made to the fund may not be made for tax years beginning on or after July 1, ~~2026~~ 2031.

Sec. J-2. 5 MRSA §13080-S, sub-§3, as amended by PL 2021, c. 18, §1, is further amended to read:

3. **Deposit and payment of revenue.** On or before July 15th of each year, the assessor shall deposit an amount equal to 50% 100% of the employment tax increment for the preceding year into a contingent account established, maintained and administered by the State Controller. On or before July 31st of each year, the assessor shall pay that amount to the fund.

PART J SUMMARY

This part extends the authority for payments to the Loring Job Increment Financing Fund from 2026 to 2031; and increases from 50% to 100% the amount of the employment tax increment the State Tax Assessor is required to deposit into the Loring Job Increment Financing Fund.

LANGUAGE SECTIONS

The first initiative in the language section may be found on **page 14**.

Part J extends the Loring Job Increment Financing Fund (J-Tif) from 2026 to 2031 and increases from 50 percent to 100 percent the amount of the employment tax increment the State Tax Assessor is required to deposit into the Loring Job Increment Financing fund.

The Loring Development Authority is a public instrumentality responsible for the redevelopment and infrastructure management at the former Loring Air Force base in Limestone. Revenues are derived primarily from lease payments, aviation activity and proceeds from the sale of property. In 2024, a significant parcel was sold, and the proceeds were used to retire outstanding debt. With an increase in businesses and jobs anticipated on the campus, a temporary extension of the J-Tif allows payroll generated on site to support infrastructure improvements during a transition period toward self-supporting operations. The Authority is scheduled to receive a final land sale installment of approximately \$3.4 million dollars in 2034. The increase supports infrastructure stabilization and enables continued private investment and job growth.

There is a correction to the language that has been requested by Maine Revenue Services that has been included at the end of my testimony. The correction clarifies that the increased transfer of J-Tif funds does not occur prior to 2026.

The second initiative may be found on **page 57**.

Part EE provides the authorization of a one-time transfer of \$700,000 from the available balances in the Tourism Marketing Promotion Fund, Other Special Revenue Funds account within DECD to the DECD Municipal Investment Fund,

PART EE

Sec. EE-1. Transfers from available fiscal year 2026-27 Department of Economic and Community Development, Tourism Marketing Promotion Fund, Other Special Revenue Funds balances to the Department of Economic and Community Development, Municipal Investment Fund, Other Special Revenue Funds account. Notwithstanding any provision of law to the contrary, on or before 90 days following the effective date of this Act, the State Controller shall transfer \$700,000 from available balances in the Tourism Marketing Promotion Fund, Other Special Revenue Funds account within the Department of Economic and Community Development to the Department of Economic and Community Development, Municipal Investment Fund, Other Special Revenue Funds account.

PART EE SUMMARY

This part transfers \$700,000 from available balances in the Tourism Marketing Promotion Fund, Other Special Revenue Funds account within the Department of Economic and Community Development to the Department of Economic and Community Development, Municipal Investment Fund, Other Special Revenue Funds account.

Other Special Revenue Funds account. Before I explain this initiative, there is another correction that is included at the end of my testimony. There is a misprint and the funds should be transferred to the existing Maine Economic Development Fund, Other Special Revenue Funds account within DECD.

This transfer of funds will have no impact on current tourism programs. Over the past several years, an influx of federal funds has achieved increased revenues that have provided the opportunity to present these unspent funds for alternative programming consideration. These funds will be used to support the efforts of the Maine Space Corporation which was established in 2021. With these one-time funds, the Space Corporation will be poised to attract federal and private investments to launch Maine's space programs which will in part be operational at the former base facilities in Loring and Brunswick. The second request is to provide funds for current and prior year expenses owed by the Loring Development Authority to the Limestone Water and Sewer District.

DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT

LD2212 Supplemental Budget

CLARIFYING LANGUAGE

Language Section J (Page 14)

Sec. J-2. 5 MRSA §13080-S, sub-§3, as amended by PL 2021, c. 18, §1, is further amended to read:

3. Deposit and payment of revenue. On or before July 15th of each year prior to 2026, the assessor shall deposit an amount equal to 50%–100% of the employment tax increment for the preceding year into a contingent account established, maintained and administered by the State Controller. On or before July 15th of each year beginning after 2025, the assessor shall deposit an amount equal to 100% of the employment tax increment for the preceding year into a contingent account established, maintained and administered by the State Controller. On or before July 31st of each year, the assessor shall pay that amount to the fund.

Sec. J-3. Application. The section of this Part that affects 5 MRSA § 13080-S, sub-§3 applicable to any portion of the increased employment tax increment that is not deposited into the contingent account and paid to the fund on or before July 15, 2026, must be deposited into the contingent account and paid to the fund as soon as administratively feasible, but not before the effective date of this Part.

Language Section EE (Page 57)

Sec. EE-1. Transfers from available fiscal year 2026-27 Department of Economic and Community Development, Tourism Marketing Promotion Fund, Other Special Revenue Fund balances to the Department of Economic and Community Development, ~~Municipal Investment Fund~~ Maine Economic Development Fund, Other Special Revenue Funds account. Notwithstanding any provision of law to the contrary, on or before 90 days following the effective date of this Act, the State Controller shall transfer \$700,000 from available balances in the Tourism Marketing Promotion Fund, Other Special Revenue Funds account within the Department of Economic and Community Development to the Department of Economic and Community Development, ~~Municipal Investment Fund~~ Maine Economic Development Fund, Other Special Revenue Funds account.