



Maine Municipal Association

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Provisional Testimony of the Maine Municipal Association

Neither For Nor Against

LD 1634 – *An Act To Create the Maine Generation Authority* May 5, 2021

Senator Lawrence, Representative Berry and members of the Energy, Utilities and Technology Committee, my name is Neal Goldberg, and I am providing provisional testimony neither for nor against LD 1634 on behalf of MMA. Amended testimony will be provided if the comments offered today do not align with the Legislative Policy Committee's official position.

Maine's transition away from energy derived from carbon-emitting fossil fuels to renewable energy requires ambitious legislation. LD 1587 aspires to be that that legislation and there are good reasons to believe it can be the vehicle to advance Maine to 100% clean energy, but as originally drafted there are areas of municipal concern.

Creating the Maine Generation Authority with the purpose of financing and owning renewable electricity generation projects gets the state involved in the much needed role of funding innovative power generation projects. Electricity consumers would happily welcome clean energy, especially if it comes at equal or lower rates than fossil fuel generated power, but the price tag of renewable energy projects makes them cost-prohibitive for property tax-payers to fund on their own. Thus, any financing support that the authority provides would be instrumental in getting renewable generation projects or electricity storage systems in the queue for development.

The legislation uses the Maine Turnpike Authority (MTA) as a template for this new authority even though the two authorities have significant differences. Borrowing cheap money against revenues generated works for MTA because much of the revenue generated is from out-of-state drivers or corporate pockets. The Maine Generation Authority, however, would generate a much larger share of its revenue directly from residents. For example, local drivers can avoid fees paid to the MTA, like highway tolls, but they cannot escape using energy that powers their homes and businesses. Whereas a portion of MTA's bonding power is funded by non-Mainers, the Maine Generation Authority would primarily depend on the extent to which Maine residents finance the authority through an undetermined kilowatt surcharge.

This legislation also offers significant tax exemptions to properties owned by the authority. To achieve its goal of 100% renewable energy generation in the state, the authority will purchase and improve properties totaling billions of dollars. LD 1634 makes this valuation untaxable and would be a significant reduction in property tax revenue at the local level. The

rate-savings created by the authority could be equaled out or surpassed by the additional tax burden this legislation creates once the authority strips municipalities of large amounts of valuable land. Our members might be more inclined to support this bill if the tax exemptions provided to the authority were removed.

The Association would also advise that the governing body of this authority include at least one municipal representative. Considering the control the authority will hold in regards to financing community energy projects and influencing property tax generated, it would be wise to incorporate local voice.

Thank you for your time and consideration on this very important matter.