



Maine Municipal Association

60 COMMUNITY DRIVE
AUGUSTA, MAINE 04330-9486
(207) 623-8428
www.memun.org

Provisional Testimony of the Maine Municipal Association In Support of

LD 1659 – *An Act to Create the Maine Clean Energy and Sustainability Accelerator* May 12, 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 in support of LD 1659 on behalf of MMA. Amended testimony will be submitted if the comments offered today do not align with the Legislative Policy Committee's official position.

This legislation uses the Maine Clean Energy Sustainability Accelerator as a backstop to insulate municipalities from the large financial risks that often prevent investment in clean energy and sustainability projects and infrastructure. The Accelerator will maximize the benefit of every dollar invested by leveraging the state's financial stability as a means to secure the best financing terms for municipalities.

Financing clean energy and sustainability projects is difficult for municipalities to undertake alone. The source of hesitation is local officials and tax payers who worry about the incredible cost and long-term commitment clean energy projects require. Municipal leaders are generally unwilling to risk the massive amount of property tax revenue needed to finance these expensive projects. Likewise, property tax payers infrequently approve the large price-tags of clean energy projects.

With state support, securing the multimillion dollar loans required for clean energy generation and sustainable infrastructure projects is going to be much safer with financial risk mitigation support such as debt financing, credit enhancements, loan guarantees, and equity capital. Without these tools municipalities will continue feeling uneasy about these massive investments.

In return for extending financial support, the state will be able to steer private investment towards identified goals and vulnerable communities. Applying incentives and offering financial support for specific initiatives, like transitioning to 100% zero-emission vehicles fleets or to a clean energy economy, will accelerate progress to these goals. The progress can also be directed at the state's most vulnerable community. As drafted in the bill, 40% of investment activity is justifiably directed to serve low-income or diverse communities.

This bill makes it safer to approve expensive projects by providing tools to create better financing terms for municipalities while also serving the interests of private lenders. LD 1659 throws the financial backing of the Accelerator behind municipalities, making loaning money

less risky for private lenders and producing the lowest possible loan terms on behalf of local governments.