**Testimony to the Joint Standing Committee on Housing and Economic Development in Support of:**

**LD 1500, *An Act to Establish the Maine Community Development Financial Institutions (CDFI) Fund to Support Maine Small Businesses, Rural Economic Development and Affordable Housing***

**(5/2/25)**

Senator Curry, Representative Gere, and Members of the Housing and Economic Development Committee:

My name is Betsy Biemann. I am the CEO of Coastal Enterprises, Inc. (CEI), a Community Development Financial Institution (CDFI) based in Brunswick, where I also live. Founded in 1977, CEI's mission is to build a just, vibrant and climate-resilient future for people and communities in Maine and rural regions. We do this by integrating finance, business expertise, and policy solutions.

I am testifying today on behalf of CEI, in strong support of LD 1500, *An Act to Establish the Maine CDFI Fund to Support Small Businesses, Rural Economic Development and Affordable Housing*. CEI is one of 10 federally-certified CDFIs in Maine, and part of an ecosystem that pairs capital investments with technical advising to finance small businesses, support economic development, and develop affordable housing statewide.

**We don't need to tell this committee that small businesses are the backbone of Maine's economy.** They are front and center in our state's economic development policy strategy, providing jobs to more than half of all working Mainers.[1]

Maine entrepreneurs need capital to start, sustain, scale and innovate their businesses. In 2024, CEI invested just under $23 million in 129 businesses that helped create and retain approximately 1,400 jobs. Two-thirds of those businesses were in rural communities. Our business development team provided more than 6,700 hours of one-on-one advising to over 1,600 Maine entrepreneurs interested in starting or growing their businesses. Our financial development team helped over 800 people navigate homeownership, including homebuying and foreclosure counseling, build credit, and manage and reduce their debt. However, as busy as we are deploying capital and advising businesses, there isn't enough private investment capital to satisfy demand.

States like Virginia, Michigan and Ohio are addressing this need by establishing state CDFI funds. Typically housed in the relevant state agency that oversees economic and community development or housing, state CDFI funds make state funding available at low or no cost to local CDFIs, which in turn leverage that funding with other capital and deploy it, along with essential services, to businesses and community projects. *The ripple effects are exponential - according to the national CDFI Fund, for every*

[1] The Maine 2020-2029 Economic Development Strategy: The 2024 Reset. Maine Department of Economic and Community Development.

*$1 invested in our institutions, CDFIs leverage an additional $8-12 in private capital and federal investment.*

Behind these numbers are real stories of Maine people creating opportunities for themselves and their communities.

We work with businesses statewide, many in "signature sectors" that are vital to Maine culture, communities, and economy, lifelines like childcare, sustainable agriculture, fisheries and aquaculture, and value-added food businesses. Recent examples of our financing at work include:

- **New and expanded childcare** facilities in Oxford, Waterboro and Lewiston;
- A Bridgton **school** for children with special needs who are in child protection;
- The Ecology School **demonstration farm** and **experiential education** in Saco;
- A small business in Presque Isle that provides **job coaching and support services** for people with disabilities;
- **Vegetable and dairy processing** facilities at **farms** in Alfred, Brunswick, Pittsfield, and Troy; meat processing in Kennebunk; and a **mushroom** growing kit company with national distribution based in Westbrook;
- A family-owned **lobster** business in York, commercial s**eaweed** processing and **electric boat** business in Biddeford, **scallop farm** and **cooperative grocery** in Belfast, and **mussel farm** in Searsport; **oyster processing facility** and electric boat to expand operations, reduce carbon footprint and increase **aquaculture tourism** on award-winning oyster farm on Georgetown Island;
- **Coffee shops** and **cafes** in Bath, Brunswick and Old Orchard Beach;
- **ADU** construction in Brunswick and affordable housing in Waterville;
- A **pharmacy** in Eastport, **community health center** and **rural broadband** in Machias; **home health** services in Portland and **recreational therapy** in S. Berwick; and
- An employee-owned **electrical trades business** in Calais.

LD 1500 establishes a Maine CDFI Fund and Program at Maine's Department of Economic and Community Development. DECD's Office of Community Development already administers Community Development Block Grant funding and is well suited to administer state CDFI funding. A simple formula based on impact can guide distribution of these funds.

This program mirrors the federal CDFI Fund at the US Department of Treasury, established by the bipartisan Riegle Community Development and Regulatory Improvement Act of 1994. By mirroring the federal CDFI Fund in design and structure, the Maine CDFI Fund program uses a streamlined approach, resting on established definitions and federal certification to specify funding qualifications and eligible use of funds. And while the federal CDFI Fund invites certified CDFIs to apply for annual competitive grants, awards are not guaranteed and are typically funded at levels below the amount requested, even

for successful applicants. To expand impact, CDFIs leverage CDFI Fund awards with additional capital from public and private sources, including banks (and I would highlight that Maine's community banks are supportive of this bill). We are appreciative and grateful for CDFI Fund support, but it is **not sufficient to fully meet the capital needs of Maine's CDFIs; hence the request before you today.**

This bill also authorizes the Maine State Treasurer to invest state deposits of up to $10 million directly in Maine CDFIs annually, for up to 2 years, at a rate of up to 2% below the rate of return that the State would earn if otherwise invested. This infusion of capital - **which, I'd like to emphasize, will be repaid to the Treasurer, with interest** – allows Maine's CDFIs to make catalytic investments in small businesses, to create and retain quality jobs, increase access to childcare, renovate historic buildings into affordable housing, and revitalize downtowns. The benefit of this mechanism for direct investment of funds with CDFIs is that no additional step or action is needed to make this capital accessible to businesses. This is the essence of working with CDFIs as partners.

This two-pronged approach delivers enterprise-level financing to CDFIs, expanding access to affordable housing for Maine families, supporting entrepreneurs in growing businesses that create good, local jobs, and advancing the development of essential community facilities like child care programs and health centers.

Thank you for hearing our testimony today in support of LD 1500. We hope you will vote **Ought-to-Pass** (OTP) on this bill.

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