



LEGISLATIVE BULLETIN



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Policy Committee Opposes Housing Bill

Although greatly appreciative of Speaker Fecteau's willingness to refine LD 2003, *An Act To Implement the Recommendations of the Commission to Increase Housing Opportunities in Maine by Studying Zoning and Land Use Restrictions*, to address the concerns raised by municipal leaders, the distance between the two perspectives – one focused on the importance and retention of local decision-making authority and the other focused on prescribing universal solutions – is too great.

MMA remains opposed to the bill.

As stated throughout the process, the key concern among municipal officials is the erosion of home rule and local decision-making authority and the advancement of an approach that treats each community similarly. Through its single set of solutions, LD 2003 offers no flexibility

to adopt housing goals that fit each community's unique needs and circumstances. While municipal officials are unanimous in their support for increasing access to all types of housing, local leaders wholeheartedly believe that the effort should be based on the development of partnerships that allow for flexibility, rather than a one-size-fits-all demand to achieve a particular outcome.

Although proponents of the bill have raised questions with MMA's involvement in the commission that resulted in the proposals presented in LD 2003 and its subsequent opposition to the bill, throughout the commission and legislative processes the Association's message has been consistent. Municipalities need flexibility, tools, technical assistance, and incentives to implement state policy goals. Mandates and the erosion of local control are not the appropriate approaches forward, just as the adoption of local ordinances is not the sole contributor to the existing housing crisis. Market forces, the pandemic-related flight to Maine and inflationary costs have also contributed.

While the provisions advanced in LD 2003 will create more housing, it is likely to occur in outlying areas of our communities or more rural areas of our state. This will move residents further away from public services, including transportation, medical services, schools, and retail establishments, which in turn could place additional development pressures on open space and agricultural lands.

Throughout the debates and discussions on LD 2003, participants were often reminded of the state's ability to preempt home rule authority. The suggestion that the Legislature would restrict the ability of residents to decide what is best for their communities is not one that is taken lightly. For over two centuries, the state has relied on municipalities to use local ingenuity to deliver vital and needed services, which over time have become more numerous, complex, and costly.

Last Legislative Bulletin

With the Legislature set to complete all committee work this week, this will be the last Legislative Bulletin for the 2022 session. Soon the House and Senate will convene daily to complete its work prior to the statutorily established April 20 adjournment date.

However, your involvement is still essential.

MMA advocacy staff will need assistance from municipal officials to ensure that lawmakers understand how the bills to be debated by the full legislature impact municipalities. It is likely you will receive several "action alerts" over the next three weeks describing the bills of municipal interest to be addressed that day. Please take the time to review those alerts and reach out to members of the legislature to ensure your voices are heard and perspectives considered.

Thank you for your ongoing support of the Association's advocacy efforts.

(continued on page 2)

While it is often the case that the term “patchwork quilt” is used to describe the adverse impact of a system that affords each community a level of autonomy, it fails to recognize what these quilts resemble. Patchwork quilts, just as our varied communities, are random pieces of fabric sewn together to make beautiful pieces of cohesive art. No two communities are alike. Rural communities exist because service center communities exist. Bedroom communities exist because coastal communities exist. Recreational communities exist because industrial communities exist. Local control leads to diversity.

From the municipal perspective, the solution to the housing crisis is not to make every community look alike. Rather than requiring each town and city to adopt every housing approach identified by the commission, municipal leaders and their residents should be allowed to implement solutions that reflect the community’s goals and respect the land use and economic development plans currently in place.

By moving from the lofty recommendations stage directly to implementation, an important part in the process is overlooked. A needed interim step would direct experts and practitioners to convert the commission’s recommendations into achievable actions. Housing impacts a variety of municipal and state resources, from roads to natural habitats, with well-informed local planning balancing these needs thoughtfully.

The preference among municipal leaders is to direct a state agency, preferably the Department of Agriculture, Conservation and Forestry, which houses the Municipal Planning Assistance Program, to create housing development models as a first step. The second step would entail providing municipalities with the technical assistance to determine which model or models best fit the community and the incentives necessary to implement the selected approach or approaches. Not only does this partnership method achieve the intended outcome, but it also affords municipalities the flexibility to adopt models that can be supported by the community’s residents.

With only 10 session days left before the April 20 adjournment date, it is likely an amended version of LD 2003, which is not yet publicly accessible, will be before the entire Legislature soon.

The amended version of LD 2003 will be shared with municipal officials when available.

As stated in a memo to municipal leaders earlier this week, your home-based advocacy efforts are vital. Illustrating how these changes will directly impact your residents is necessary. Please continue to connect with House and Senate members and keep an eye out for action alerts for updates on the bill’s progress.

Incentivizing Energy Storage, Now or Later?

On Monday, the Governor’s Energy Office (GEO) released its Maine Energy Storage Market Assessment report. The purpose of the study is to assess the pressures placed on existing and emerging technologies and to conduct the cost-benefit analyses of policies state lawmakers could consider when determining how best to achieve Maine’s energy storage goals. As proposed in *Maine Won’t Wait*, Governor Mills’ four-year climate action plan, the intent is to develop the path for storing up to 300 megawatts of energy by 2025 and 400 megawatts by 2030 for the benefit of the grid and ratepayers.

While the 70-page report contains many technical details, with respect to providing incentives to the emerging energy storage industry, one of the major takeaways suggests that the proverbial cart is being placed before the horse. It is too early to determine what bundle of incentives this industry will need to first establish its roots and then flourish throughout the state. Rather than offering incentives today, more study is necessary to ensure that the programs not only benefit the industry, but Maine taxpayers as well.

Discussion regarding energy storage options and incentives are not exclusive to the Energy, Utilities and Technology Committee, but also involve the Taxation Committee, which has jurisdiction over the financial incentives.

To that end, the committee met on Tuesday to vote on LD 2030, *An Act Regarding Taxation of Energy Storage Facilities and Equipment*, sponsored by Rep. Maureen Terry of Gorham.

As described in last week’s Legislative Bulletin, the bill proposes to make energy storage systems eligible for the business equipment tax exemption

(BETE) for tax years beginning on or after April 1, 2022. Under the terms of the bill, these storage systems are defined as “commercial equipment, facilities or devices that are capable of absorbing energy, storing the energy for a period of time and discharging the energy after it has been stored.” The bill also extends a sales tax exemption on the parts and accessories necessary to build, repair and maintain energy storage systems.

MMA’s Legislative Policy Committee opposed LD 2030, as drafted. The concern among municipal leaders is both with respect to the speed in which this legislation is being advanced and the extension of a property tax exemption to an emerging industry without proper assessment of whether the incentive is warranted.

The tax incentives proposed in the bill carry significant revenue impacts.

According to the information provided to the committee by Maine Revenue Services, applying the requested property tax exemption to a storage project currently under consideration in a Southern Maine community would reduce municipal revenue by \$2.2 million, with 50% of the revenue losses reimbursed by the state. In addition

to the \$1.1 million reimbursement price tag, state coffers are projected to initially lose an estimated \$5.9 million in sales tax revenue, and experience smaller revenue impacts in future years.

After a succinct, yet informative work session, the Taxation Committee voted five to five to support two amended versions of LD 2030.

One report turns the bill into a resolve directing GEO to engage interested parties in the assessment of incentives needed to support the industry. The amendment also directs GEO to add members of the Taxation Committee, as well as the Innovation, Development, Economic Advancement and Business Committee to the list of stakeholders.

The second report includes the provisions of the study described above and over concerns that inflation could slow or even stop development, the version of the bill also temporarily extends a sales tax exemption, which is repealed in 2025.

The bill’s outcome will be determined in the coming weeks as the entire Legislature will have the opportunity to consider and debate the merits of each report.

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MMA Advocacy & Communications Goes Social!

It's official, the Advocacy & Communications (A&C), formerly State & Federal Relations, team has entered the Twitter-verse.

To push out information to local leaders in real time and increase awareness of the issues of municipal interest before the Advocacy & Communications (A&C) has launched the Twitter feed [@memun_advocacy](#).

We can't promise witty banter like Wendy's Twitter feed, but we can commit to keeping the content non-partisan and issues focused, as is the case with all our advocacy efforts. The goal is to simply provide another tool to municipal officials who like to stay informed with what is happening in the State House.

While the Legislature may adjourn, and the Bulletin with them, our advocacy continues. Follow our Twitter feed for updates on additional policy efforts from department rule-making to intersession studies.

If you're not on our electronic Bulletin list now, you can make sure you're on the list for next session by contacting Laura Ellis at lellis@memun.org.

As we explore new ways to ensure municipal voices are heard, including a future podcast, we hope you will follow us, give us feedback and, of course, share our feed.