

## Recommendations of Subcommittee 4 on Economic Development:

While the Task Force acknowledges the value of the State's efforts in the area of encouraging the development of offshore energy resources to date, it makes the following recommendations rooted in the four factors noted above that have provided a foundation for Europe's successes:

1. Support the development of an ocean energy cluster in Maine by:
  - a. Continued support for research and development at the university and nonprofit research institutions, as well as by individual companies for new products, processes, materials, etc;
  - b. Additional support for private investment in energy-related businesses to help bring these technologies to scale and to build necessary infrastructure for large scale manufacturing;
  - c. Collaboration with other regional research efforts (e.g., Nova Scotia Tidal Energy Initiative);
  - d. Identifying a single point of contact in State Government, designated by the Governor, to assist entrepreneurs and/or developers seeking to develop ocean energy projects by helping make state agencies and programs more accessible and approval processes as transparent as possible.

Lead agencies: DECD (Office of Innovation, Maine Technology Institute, Maine International Trade Center), FAME, and University of Maine

2. Provide state financial assistance to encourage the development of ocean energy-related projects by:
  - a. Establishing a moral obligation credit enhancement program modeled on the Electric Rate Stabilization Program to use the State's credit rating to reduce financing costs of larger projects with strong fundamentals that do not pose a significant risk of financial loss to the State and that may help to reduce electricity costs to ratepayers;
  - b. Supporting and expanding (subject to availability of funding) existing programs to encourage investment, including loan guarantees, the Maine Technology Institute's commercialization support programs, the Seed Capital Tax Credit Program and the Small Enterprise Growth Fund, and developing new initiatives to attract surging venture capital investment in the "clean energy" sector.
  - c. Aggressively pursuing Federal financing options and partnerships to support ocean energy-related businesses, including advocating for improvements to Federal financing programs that help to attract capital.
  - d. Providing incentives and removing disincentives for developers to site projects in Maine, and for overseas investment by original equipment manufacturers such as wind turbine and platform vendors.

Lead agencies: FAME, DECD, MTI, MITC, SEGF

3. Develop and supply adaptive training to Maine workers who could transfer to this industry. Expand Governor's Training Initiative to include this.

Lead agencies: DOL, DECD, MCCA, U Maine

4. Create a state land bank to fund the acquisition or protection of real estate and infrastructure at or adjacent to Maine's ports for the future use of companies needing space for large offshore energy-related construction, assembly and staging. This could be managed by the Maine Port Authority and funded with a bond issue modeled on the Land for Maine's Future Program.

Lead agencies: Maine Port Authority, DECD, SPO

5. Exempt energy-generating machinery and related components located on or above State submerged lands from the municipal property tax, and clarify that there be no reimbursement to the unorganized territories or to municipalities for lost property taxes as such machinery and components are not located within any municipality or unorganized territory.

This recommendation could be implemented in several different ways, but at least two for consideration by the Legislature would include:

A. Clarify that all municipal boundaries end at mean low water (where state submerged lands begin) for purposes of personal property tax assessments. Municipalities are creatures of State, and the Legislature has the inherent authority to establish municipal boundary lines. This should also include the clarification that State submerged lands are not unorganized territories.

B. . Clarify existing personal property tax exemptions that are not subject to the constitutional reimbursement provisions to expressly include ocean energy facilities. For example, "air pollution control equipment" under 36 MRSA section 655(1)(N) and section 656(1)(E)(2)(a) could be clarified with a sentence such as "The Legislature finds that marine renewable energy facilities are placed in operation primarily for the purpose of reducing industrial air pollutants."

Further, consider exempting from the municipal personal property tax energy-generating machinery and related components that are in transit to be located on or above State submerged lands but happen to be within a municipality on April 1. This could be implemented by creating a new exemption that would be subject to the 50% reimbursement requirement, or by an interpretation of one of the existing exemptions under 36 MRSA section 655 that do not trigger the reimbursement requirement, such as (1)(A) industrial inventories including goods in process and finished work on hand, (1) (B) stock-in-trade, (1) (G) property in possession of a common carrier held en route to a final destination, (1) (H) vessels in the process of construction owned by persons residing out of the State, or (1)(N) air pollution control facilities.

6. Provide incentives and remove disincentives for consumers and businesses to adopt new technologies to shift energy demand from fossil-based fuels to electricity from Maine renewable sources. This could include expanding existing state tax credits for purchase of alternative energy resources to include heat pumps, geothermal systems, and hybrid or plug-in electric vehicles. Consideration should also be given to municipal tax incentives such as deducting from property valuations the difference between the cost of a heat pump/geothermal heating system and a typical oil heating system. Finally, it is critical that businesses and consumers have a reliable, objective source of information and educational materials that can encourage and permit them to make informed decisions about adopting new heating and transportation technologies.

Lead agencies: SPO, Efficiency Maine Trust

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