

**Wind Powering America Rural Economic Development
Case Study**

Economic Development Benefits of the Mars Hill Wind Farm

Ray Mersereau, town manager of Mars Hill, Maine, spoke with Wind Powering America in late 2008 about Mars Hill Wind Farm and its economic development benefits for the town.

Natural Resources Council of Maine/PIX16104



Ray Mersereau, town manager of Mars Hill.

For generations, the people of Mars Hill, Maine, a blustery New England town of 1,500, have farmed their land, growing broccoli, potatoes, and grain to earn a living. Today, the people of Mars Hill see income from a different source: harnessing the winds of Mars Hill Mountain. It comes from the Mars Hill Wind Farm, New England's first utility-scale commercial wind farm and the second-largest wind power production facility in the state of Maine.

Since March 27, 2007, the Mars Hill Wind Farm, a 42-MW facility owned and operated by First Wind, has been churning out clean electricity and bringing in additional revenue through a Tax Incremental Financing (TIF) deal. The deal will provide the town \$500,000 annually over the next 20 years for a total of \$10 million.

As a result of the additional revenue, the town was able to lower the mill rate for residents from 24 mills (or \$24 per \$1,000 of assessed property) to 20 mills (or \$20 per \$1,000 of assessed property), resulting in almost a 20% reduction in taxes for local property owners.

The TIF agreement served a dual purpose for the project. Not only did it add additional revenue to the local community, but according to Ray Mersereau, Mars Hill town manager, it helped finance the deal that brought First Wind and Mars Hill together.

"You have to remember," Mersereau said, "the groundwork for this was started in 2000-2001. Gas was a dollar, and wind wasn't as popular as it is now."

According to Mersereau, the TIF agreement allowed First Wind to know their tax liability for the next 20 years. There would be no surprises, which would make the budgeting process easier.

Mars Hill Wind Farm

Location: Aroostook County, Maine

Capacity: 42 MW

Turbine manufacturer: GE Energy

Project owner: First Wind LLC

Economic benefits:

- \$500,000 annually to the town over the next 20 years (total of \$10 million)
- 20% reduction in taxes for local property owners
- Land-lease payments to local property owners
- More than 300 locals employed during construction
- Nine permanent, full-time O&M positions
- More than \$22 million spent in Maine during project development.

Learn more at www.marshallwind.com

Although the original deal was signed in 2003 for a 50-MW facility, the fine print of the TIF agreement stayed the same when the final 42-MW facility was finished.

"The TIF agreement was not a giveaway. They (First Wind) wanted to pay the taxes, but this allowed the financing to happen," Mersereau said.



Mars Hill Wind Farm.

Natural Resources Council of Maine/PIX16004

Mersereau holds the belief that very few opportunities, other than the addition of a major industry to the area, would have provided such a decrease of the mill rate.

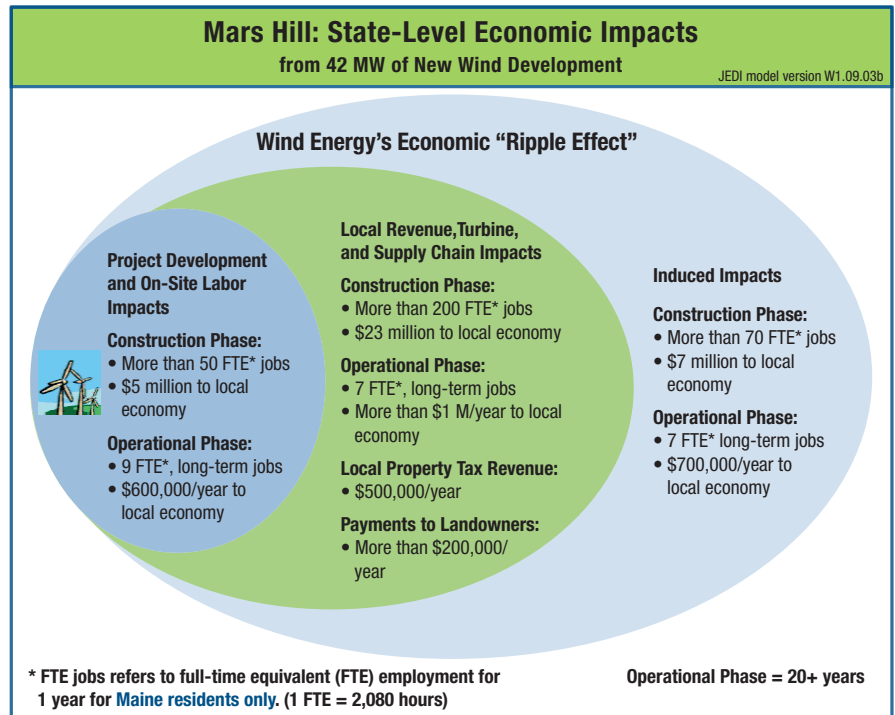
“This is one of the things that the town council wanted. We have no industry to speak of. Our basic industry is farming, and farming has fallen on hard times over the past 15 years,” Mersereau said.

According to Mersereau, the TIF agreement had a secondary impact on the community. It increased the valuation of Mars Hill, thus increasing the share of school funding that the town was required to provide. This allows the town to rely less on the state to provide for the community’s K-12 program.

The economic impact of the wind farm to the Mars Hill community can be seen in many ways other than the decreased mill rate. According to Mersereau, between six and seven local landowners receive revenue in the form of land-lease payments for allowing First Wind to erect the turbines on their property. An additional 10 to 15 individuals also received a one-time payment, or easement, for allowing transmission lines to be placed on their land.



Mars Hill Wind Farm.



The Mars Hill Wind Farm has paved the way for future economic development from wind energy projects in Maine.

Mersereau said that in most cases, the land leased by First Wind was a liability to the landowners because it couldn’t be farmed and the landowners still had to pay taxes on it. Now this formerly unused land, which in some cases has been owned by the same family for three to four generations, is creating revenue for the families.

Mars Hill also felt the economic impact during the construction and development period of the wind farm. According to First Wind officials, more than 300 local residents were employed during construction, and more than \$22 million was spent with Maine-based organizations throughout the project’s development.

Mersereau said the impact was easily seen in Mars Hill during this time period because of the significant presence of construction crews to erect the turbines. These individuals spent money in the community, adding revenue by renting motel rooms and purchasing the various goods necessary for their stay in Mars Hill.

According to First Wind officials, Mars Hill Wind Farm has also created nine permanent, full-time operations and maintenance positions.



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