

**TESTIMONY OF
MICHAEL J. ALLEN, ASSOCIATE COMMISSIONER FOR TAX POLICY
DEPARTMENT OF ADMINISTRATIVE AND FINANCIAL SERVICES**

Before the Joint Standing Committee on Taxation
Hearing Date: *March 5, 2025*

LD 652 – *“An Act to Provide Qualifying Downtown Businesses and Developments
with Assistance Paying Flood Insurance Premiums”*

Senator Grohoski, Representative Cloutier, and members of the Taxation Committee – good morning, my name is Michael Allen, Associate Commissioner for Tax Policy in the Department of Administrative and Financial Services. I am testifying at the request of the Administration Neither For Nor Against LD 652, *“An Act to Provide Qualifying Downtown Businesses and Developments with Assistance Paying Flood Insurance Premiums.”*

I am submitting this testimony to raise two technical concerns with the bill’s language. First, the bill summary states that the new described costs are allowed for municipalities/plantations with established downtown tax increment financing districts, but the bill language does not appear to limit it to only downtown districts. This should be clarified.

Second, the bill does not include these new project costs in 30-A M.R.S. § 5249, which details allowable project costs for affordable housing development districts. It is unclear whether the bill intends to exclude these costs from the affordable housing districts or whether this was an oversight. This should also be clarified.

Any administrative costs associated with the bill can be absorbed under current budgetary allotments.

The Administration looks forward to working with the Committee on the bill; representatives from MRS will be here for the Work Session to provide additional information and respond in detail to the Committee's questions.