



Testimony of Island Institute in Support of LD 1694 An Act to Provide an Income Tax Credit for Certain Disaster Mitigation Projects for Working Waterfront Property

May 16, 2025

Senator Grohoski, Representative Cloutier, and Members of the Committee on Taxation, I am Nick Battista, and I am testifying in support of LD 1694 for Island Institute.

Island Institute is a 42-year-old nonprofit organization based in Rockland, Maine. We boldly navigate climate and economic change with island and coastal communities to expand opportunities and deliver solutions. Much of our work takes place in the communities that are highly dependent on fishing, and the bulk of these communities are east of Damariscotta. The economy of these communities is closely tied to fishing and aquaculture.

In 32 coastal communities, including Harpswell, over 5% of residents hold lobster licenses, and as you go down the peninsulas and out to the islands, that increases – 13% of residents in Stonington hold a lobster license, 17% on Vinalhaven, 28% on Swan’s Island, 32% in Beals. These 4 communities have more than 600 lobster licenses in total – or more than 10% of the total number of licenses in the State. Each license represents a small, family-owned business.

Each of these businesses requires access to a working waterfront to load their bait, unload their catch, and all the other things that fishing businesses do. The vast majority of Maine’s working waterfronts are privately owned.

The January 2024 storms highlighted the role working waterfront infrastructure plays in Maine’s coastal communities. These storms helped focus attention on the needs of working waterfronts. To help highlight just how connected these places are to our economy, in the wake of the January 2024 storms, Island Institute provided \$250,000 in grants to 52 working waterfronts. These businesses employed 540 people directly and supported the economic activity of another 1195 commercial boats. Most of these boats help another 2 or 3 people make a living.

In the last session, the Legislature provided \$25 million to support rebuilding and resilience measures at working waterfronts damaged by the storms. This program has been absolutely critical to the State in helping improve the resilience of a subset of working waterfronts, and we are very grateful for this recognition that privately owned working waterfronts need different kinds of support.

This funding, however, has a couple of limitations. First, working waterfront properties had to be damaged during a specific timeframe. Wind direction played a significant role in determining

which working waterfronts were damaged. If, in the next storm, the wind and waves come in from a slightly different direction, many other working waterfronts in the State may be damaged. Anecdotally, we have heard from some working waterfront owners that they had more damage from other storms because of how their wharf is situated relative to wind and wave direction. This proposed legislation would cover all working waterfronts.

Second, this funding was limited to working waterfront businesses that supported 10 or more fishing or aquaculture businesses. Many of the smaller family-owned working waterfronts are critical to the operations of 5 or 8 boats and weren't eligible for this program. This legislation would provide them with a modicum of relief and support from the State. For many of these businesses, this is the only support they could receive from the State.

Maine Won't Wait, the State's climate action plan dedicates a strategy – F5 – to protecting working waterfront infrastructure, and this strategy says in part that “Maine's working waterfronts are vital to the state, both economically and culturally, and access to the ocean is crucial to Maine's identity.”

It also is worth noting that this bill is very consistent with strategy D2, which includes language that says:

Maine's heritage industries—fishing, farming, and forestry—will benefit from diverse business models and targeted investments that build resilience to climate impacts and protect their critical infrastructure, such as working waterfronts.

The recently released Infrastructure Resilience and Resilience Commission report included 11 high-level recommendations, one of which was about working waterfronts: “Protect and promote resilience across a diverse mix of public and privately owned working waterfront infrastructure.” The recommendation further says:

To continue Maine's long history of a diverse working waterfront along the coastline, Maine needs to implement local and regional approaches that protect and support a mix of public and privately owned working waterfront infrastructure, in part by developing tools and support for all types of working waterfront infrastructure. To maintain public working waterfront infrastructure as the long-term backbone for commercial fisheries and other blue economy sectors in Maine, Maine should invest in resilience upgrades and ongoing maintenance to withstand future sea level rise and extreme storms. To support privately owned working waterfront infrastructure, Maine should invest in providing support services, including technical assistance to complete resiliency

upgrades, engineering and permitting support, and business planning support for future generations enabling strong working waterfront businesses and helping avoid the need for rapid crisis response.

This report also highlights that every \$1 invested in resilience yields \$13 in savings by preventing and avoiding casualties, damage and very real economic disruption.

A copy of the report can be found online here -

https://www.maine.gov/future/sites/maine.gov/future/files/inline-files/Maine%20Infrastructure%20Resilience%20Plan_May2025.pdf

In terms of the policy proposal itself, LD 1694 provides a tax credit to Maine working waterfront businesses that make certain resilience upgrades. The eligible resilience upgrades come from FEMA's 2024 manual outlining the resilience activities eligible for FEMA's pre-disaster mitigation funds. Tying eligibility to a specific FEMA manual provides a clear set of well-recognized activities that have been determined to build resilience for infrastructure in the shoreland zone.

Finally, it is worth noting that Island Institute very much appreciates the attention the State is paying to the needs of working waterfronts. Thank you for considering this bill to help ensure Maine's fishing heritage continues into the future.

I urge the Committee to support LD 1694 and Maine's working waterfronts.