

**Testimony of Keith Luke**

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**In Support of LD 652 – An Act to Provide Qualifying Downtown Businesses and Developments with Assistance Paying Flood Insurance Premiums**

**Before the Joint Standing Committee on Taxation**

**March 2025**

Senator Grohoski, Representative Cloutier, and distinguished members of the Joint Standing Committee on Taxation, my name is Keith Luke, and I serve as the Economic Development Director for the City of Augusta. I am here today to testify in strong support of LD 652, An Act to Provide Qualifying Downtown Businesses and Developments with Assistance Paying Flood Insurance Premiums.

The concept for this legislation first took shape following the devastating floods that struck Central Maine in 2024 and again in early 2025. I began work on this proposal with our former State Representative, Raegan LaRochelle, who shared my concern about the long-term economic consequences of these events for Maine's historic downtowns.

LD 652 seeks to create a valuable tool for municipalities to support reinvestment in their downtowns by allowing Tax Increment Financing (TIF) revenues to fund locally managed programs that would reimburse property owners for a portion of their flood insurance premiums. These programs would be fully designed and administered at the local level, ensuring that they are tailored to meet each community's unique needs.

This bill serves a two-fold purpose. First, it encourages existing building owners to enroll in flood insurance coverage, providing an essential safety net in the event of future flooding. Second, it helps to reduce a well-documented financial barrier that discourages potential investors from acquiring and redeveloping downtown properties.

As you know, conventional lenders routinely require flood insurance before issuing mortgages for buildings located within flood hazard zones. Yet, the rising cost of this insurance — particularly through the National Flood Insurance Program — often makes downtown redevelopment projects

financially unworkable. This legislation provides municipalities with a powerful tool to help close that gap.

It's important to acknowledge that, while some may question the wisdom of investing in flood-prone areas, the reality is that Maine's downtowns — including those in Augusta, Gardiner, Saco, Hallowell, and Bangor — have always been and will continue to be centered on our rivers and waterfronts. People want to live, work, and invest near the water, and we as communities actively encourage this through our economic development strategies.

LD 652 helps ensure that these critical historic and economic assets can continue to thrive, contributing to the vitality and resiliency of Maine's downtowns. By providing financial assistance for flood insurance, we can lower the barriers to investment and ensure that our downtowns remain places where businesses want to locate, where entrepreneurs want to invest, and where our communities can grow stronger — even in the face of a changing climate.

I urge you to support LD 652, and I welcome any questions you may have.

Thank you.