

MAINE STATE LEGISLATURE

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116th MAINE LEGISLATURE

SECOND REGULAR SESSION-1994

Legislative Document

No. 1806

S.P. 647

In Senate, January 27, 1994

**An Act to Encourage Municipal Investment in Local Economic
Development Projects.**

(EMERGENCY)

Approved for introduction by a majority of the Legislative Council pursuant to Joint Rule 26.
Reference to the Committee on Taxation suggested and ordered printed.

A handwritten signature in cursive script, reading "Joy J. O'Brien".

JOY J. O'BRIEN
Secretary of the Senate

Presented by President DUTREMBLE of York.
Cosponsored by Senators: BALDACCI of Penobscot, SUMMERS of Cumberland,
Representatives: KERR of Old Orchard Beach, NADEAU of Saco.

2 Emergency preamble. Whereas, Acts of the Legislature do not
become effective until 90 days after adjournment unless enacted
as emergencies; and

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6 Whereas, there is a need to stimulate private investment in
commercial and industrial projects within municipalities in order
to create new employment opportunities, provide a broader tax
base and improve the economy of the State; and

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10 Whereas, removing disincentives to municipalities investing
in certain types of public infrastructure improvements will
trigger those investments; and

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14 Whereas, in the judgment of the Legislature, these facts
create an emergency within the meaning of the Constitution of
Maine and require the following legislation as immediately
necessary for the preservation of the public peace, health and
safety; now, therefore,

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20 Be it enacted by the People of the State of Maine as follows:

22 Sec. 1. 30-A MRSA c. 208-A is enacted to read:

24 CHAPTER 208-A

26 MUNICIPAL INCENTIVE DEVELOPMENT ZONES

28 §5281. Definitions

30 As used in this chapter, unless the context otherwise
indicates, the following terms have the following meanings.

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34 1. Commercial and industrial property. "Commercial and
industrial property" means real and personal property used for or
in connection with an industrial, commercial or other business
enterprise and includes, but is not limited to, real or personal
property used, useful or intended for use in or as warehouses or
other wholesale distribution facilities, factories or other
manufacturing facilities, commercial business facilities, retail
business facilities, service business facilities, office
buildings, hotels and motels and parking garages.

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44 2. Original assessed value. "Original assessed value"
means the assessed value of all commercial and industrial
property located within the municipal incentive development zone
as of the date of approval of the municipal incentive development
zone by the Commissioner of Economic and Community Development.

2 **§5282. Municipal incentive development zones**

4 Municipal incentive development zones may be established to
6 assist municipalities in encouraging private investment in
8 industrial and commercial projects through the provision of
10 public infrastructure necessary for improvements. Improvements
12 and investments must provide new employment opportunities,
14 improve and broaden the tax base and improve the general economy
16 of the State.

18 **§5283. Municipal incentive development zones; procedures**

20 **1. Procedures for establishment of zones.** The municipal
22 legislative body shall comply with the following procedures in
24 establishing municipal incentive development zones.

26 A. The municipal legislative body may establish municipal
28 incentive development zones within the boundaries of the
30 municipality by majority vote at a duly called meeting:

32 (1) To establish the zone;

34 (2) To adopt a description of the physical boundaries
36 of the zone;

38 (3) To adopt an infrastructure improvement plan for
40 the zone. The infrastructure improvement plan must
42 describe the public infrastructure improvements to be
44 constructed by the municipality in the municipal
46 incentive development zone, including the nature of the
48 improvements, the time, place and manner of
50 installation of improvements, the plans for operation
of improvements and a description of how the proposed
improvements are expected to encourage private sector
capital investment in commercial and industrial
property in the zone and otherwise benefit the public;
and

(4) To authorize the infrastructure improvements
described in the plan. Evidence of authorization must
be included in the plan.

B. Before establishing a municipal incentive development
zone, the municipal legislative body or its designee shall
do the following:

(1) Hold at least one public hearing. Notice of the
hearing must be published at least 10 days before the
hearing in a newspaper of general circulation in the
municipality; and

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(2) Submit to the Commissioner of Economic and Community Development for review and approval the municipal incentive development zone established by the municipal legislative body and the applicable infrastructure improvement plan.

C. Prior to final approval of a municipal incentive development zone, the Commissioner of Economic and Community Development must certify that the public improvements proposed by the municipality are likely to result in private sector capital investment in commercial and industrial property within the zone. The Commissioner of Economic and Community Development may develop a nonexclusive list of qualifying improvements by rule.

2. Effective date. The establishment of a municipal incentive development zone is effective upon approval by the municipal legislative body and certification by the Commissioner of Economic and Community Development as provided in this section.

3. Standards for zones. Municipal incentive development zones must meet the following requirements:

A. The total area of all municipal incentive development zones may not exceed 10% of the total acreage of the municipality;

B. The aggregate value of equalized taxable property, as defined in Title 36, sections 208 and 305, of a municipal incentive development zone determined as of the date the establishment of the zone becomes effective, plus all existing municipal incentive development zones determined as of the date of establishment of each such zone became effective, may not exceed 10% of the total value of equalized taxable property within the municipality;

C. The area within any municipal incentive development zone must be directly benefitted by the public infrastructure improvements proposed to be made by the municipality according to the infrastructure improvement plan; and

D. The improvements proposed to be made by the municipality in the municipal incentive development zone and described in the infrastructure improvement plan must primarily benefit or encourage private investment in commercial and industrial property.

4. Amendment of zones and development plans. The boundaries of a municipal incentive development zone and the

2 infrastructure improvement plan may be altered or amended by the
3 municipality only in accordance with the requirements for
4 adoption of municipal incentive development zones in this section.

5 5. Duration of zones. Municipal incentive development
6 zones have a maximum duration of 10 years.

7 **§5284. Tax shifts**

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10 The municipal assessor shall certify, as of the date of
11 approval of the municipal incentive development zone, the
12 assessed value of all commercial and industrial property located
13 within the zone as of the date of approval of the zone by the
14 Commissioner of Economic and Community Development. During the
15 term of the zone, in making the annual determination of the
16 equalized just value of the industrial and commercial property
17 located within the municipal incentive development zone pursuant
18 to Title 36, sections 208 and 305, there must be excluded from
19 value the increase in equalized just value of all industrial and
20 commercial property located within the zone over the origin
21 assessed value.

22 **§5285. Agreements between municipalities**

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24 Municipalities may jointly create municipal incentive
25 development zones that encompass property located within the
26 boundaries of the municipalities. The municipalities may enter
27 into agreements with each other allocating the economic benefit
28 resulting from the creation of the zones.

29 **§5286. Declaration of public purpose**

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31 The actions required to assist the establishment of
32 municipal incentive development zones, including implementation
33 of the applicable infrastructure improvement plans, and the
34 execution and financing of these plans, are a public purpose.

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37 **Sec. 2. 36 MRSA §305, sub-§1, as amended by PL 1989, c. 857,**
38 **§74, is further amended to read:**

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41 **1. Just value.** Certify to the Secretary of State before
42 the first day of February the equalized just value of all real
43 and personal property in each municipality and unorganized place
44 that is subject to taxation under the laws of this State, except
45 that percentage of captured assessed value located within a tax
46 increment financing district that is used to finance that
47 district's development plan, and the valuation amount by which
48 the current assessed value of commercial and industrial property
49 within a municipal incentive development zone, as determined in
50 Title 30-A, section 5284, exceeds the assessed value of

2 commercial and industrial property within the zone as of the date
3 the zone is approved by the Commissioner of Economic and
4 Community Development, known in this subsection as the "sheltered
5 value." Such equalized just value must be uniformly assessed in
6 each municipality and unorganized place and be based on 100% of
7 the current market value. It must separately show for each
8 municipality and unorganized place the actual or estimated value
9 of all real estate that is exempt from property taxation by law
10 or is the captured value within a tax increment financing
11 district that is used to finance that district's development
12 plan, as reported on the municipal valuation return filed
13 pursuant to section 383, or that is the sheltered value of a
14 municipal incentive development zone. The valuation as filed
15 remains in effect until the next valuation is filed and is the
16 basis for the computation and apportionment of the state and
17 county taxes;

18 **Emergency clause.** In view of the emergency cited in the
19 preamble, this Act takes effect when approved.
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22 STATEMENT OF FACT

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24 This bill provides local government with a mechanism to
25 stimulate municipal investment in the public infrastructure with
26 the expectation that such expenditures will trigger private
27 sector capital investment, ultimately generating revenues for the
28 State.
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31 The bill enables municipal legislative bodies to designate
32 municipal incentive development zones within the boundaries of
33 the municipality. The value of the private investment in
34 commercial and industrial property located within a municipal
35 incentive development zone may not be included in determining the
36 value of the municipality's equalized taxable property in the
37 zone. This will mitigate the reduction in state education aid
38 and state-municipal revenue sharing and the increase in the
39 municipality's share of county tax that occur under current law
40 when development occurs within a municipality. The benefit lasts
41 for 10 years following the establishment of the zone.
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44 To create a municipal incentive development zone, the
45 municipality's proposed public infrastructure improvements must
46 be certified by the Department of Economic and Community
47 Development to be improvements that are likely to result in
48 private sector capital investment within the zone. Although the
49 Department of Economic and Community Development is authorized to
50 develop a nonexclusive list of qualifying improvements by rule,
the provisions of the Maine Revised Statutes, Title 30-A, chapter

208-A enacted in this bill are self-implementing and additional rules are not required to establish a municipal incentive development zone.

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This document has not yet been reviewed to determine the need for cross-reference, stylistic and other technical amendments to conform existing law to current drafting standards.

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