

# MAINE STATE LEGISLATURE

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**MAINE REVENUE SERVICES**

**ANNUAL REPORT**  
**ON**

**BUSINESSES THAT**  
**RECEIVE BENEFITS FROM BOTH THE**  
**BUSINESS EQUIPMENT TAX REIMBURSEMENT (BETR)**  
**AND**  
**TAX INCREMENT FINANCING (TIF) PROGRAMS**  
**TAX YEAR 2005**

**A REPORT PREPARED FOR THE**  
**JOINT STANDING COMMITTEE ON APPROPRIATIONS &**  
**FINANCIAL AFFAIRS**  
**AND THE**  
**JOINT STANDING COMMITTEE ON TAXATION**

Jerome D. Gerard  
Acting Executive Director  
January 15, 2008

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## NARRATIVE

### Summary:

This report sets forth the information, required on an annual basis on January 15, beginning in 2006, regarding businesses receiving benefits under both the Business Equipment Tax Reimbursement (“BETR”) program and the municipal tax increment financing district (“TIF”) program. It should be noted that as a result of the enactment of the new Business Equipment Tax Exemption Law (LD 2056, PL 2005, ch. 623), reimbursement received for eligible business property that is first subject to assessment on or after April 1, 2008 and for property for which BETR reimbursement has previously been paid for at least 12 years must be reduced by the amount of taxes reimbursed under a tax increment financing district to avoid a taxpayer receiving reimbursement for more than 100% of property taxes paid.

The specific information for this report is required by P.L. 2005, ch. 12, as set forth in Title 36 section 6664, and is summarized as follows:

- A list of businesses receiving reimbursement of taxes under both the BETR program and as part of a TIF agreement;
- Total TIF district property value for each business;
- The municipality of each TIF and the property tax rate for that municipality;
- Total TIF property taxes paid categorized by real property and personal property;
- Total TIF credit enhancement reimbursement for property taxes paid categorized by real property and personal property;
- Total BETR reimbursement; and
- Overlap between reimbursement for property taxes on personal property under the BETR program and under a TIF agreement.

### Tax Increment Financing District: Program Summary:

TIF is a local financing tool that permits a municipality to dedicate some or all of the new property taxes that result from an investment project within a designated district to assist in that project’s expenses.

Once a municipality designates a district where development will occur and tax increment financing will be used to assist that development, all property values in that district are “frozen” at the assessed value of the district as of March 31 of the year

preceding the year in which the district was designated. This value is referred to as the “original assessed value” (“OAV”). When improvements are made within the district and value increases, the difference between the OAV and the new value represents the potential “captured assessed value” (“CAV”). CAV means the amount of increased assessed value, stated as a percentage or a sum, that is utilized from year to year to finance the project costs within the development program. CAV refers to a collective level of value and generally does not identify the values of individual property items within the district. CAV may or may not distinguish between real and personal property located in the district.

The municipality may disburse the tax increment in various ways:

- to the taxpayer, through credit enhancement agreements whereby participating businesses receive reimbursement of a portion of property taxes paid;
- through the municipality, generally in the form of low-interest bonds used to finance new development or expansion; or
- a combination of the two.

#### Data Used to Compile Report:

Only TIF project costs paid directly to participating businesses are considered for purposes of this report.

For purposes of this report, Maine Revenue Services (“MRS”) collected information with respect to property taxes assessed on April 1, 2005. This is the most recent property tax year for which taxpayers could provide the most complete information regarding the extent of the overlap of benefits for the BETR and TIF programs. Taxes assessed by municipalities are often subject to split tax bills with a portion of the tax due in one calendar year and the balance due in the next calendar year. Businesses are required to file for BETR reimbursement based on the calendar year in which the payments were made. Therefore, April 1, 2005 personal property assessments would have been subject to claim for payment under both the 2006 and 2007 BETR programs.

To gather information necessary for this report, Maine Revenue Services (“MRS”) included a check off on the 2007 BETR application form (Attachment B, Form 800, line 4b) for businesses to indicate whether they received benefits under both the BETR program and a TIF program. If so, businesses were required to complete a worksheet (Attachment C). MRS received a worksheet from 30 businesses. One business reported that it was unable to calculate the required TIF reimbursement information. For this business, no overlap is reported.

Attachment C required businesses to report total value of all property located within the TIF district, total captured assessed valuation (“CAV”) of all property owned by the business within a TIF district and also required that business to identify the CAV related to personal property and that related to real estate. Notwithstanding the difficulty identifying specific property comprising the CAV, businesses were able to provide a breakdown of CAV personal property and CAV real estate. This reporting indicates that municipal assessors and businesses have been able to arrive at some method to calculate this information. No information is available regarding the methodology employed by each municipality to calculate these figures.

#### MRS Adjustments to Information Provided on the Worksheet:

Most of the information provided by businesses on the BETR/TIF worksheet was tabulated and set forth in the spreadsheet that follows. A number of errors were found in the worksheets filed, primarily in the reporting of the ‘Extent of overlap for BETR and TIF’. For example, in cases where businesses reported an amount of BETR reimbursement or TIF reimbursement that was less than the amount shown as the “overlap,” MRS used the lesser of the BETR reimbursement or the TIF reimbursement amount as the “overlap” amount.

Additionally, MRS used the actual total BETR reimbursement amount paid by the state as the figure shown for the BETR reimbursement, rather than the amount of the BETR reimbursement reported by the business. Thus, the total BETR reimbursement amount shown on the spreadsheet is not limited to the amount with respect to TIF property.

#### Amendment to this Report:

Finally, it should be noted that the information contained in this report does not include data from taxpayers who received a 60 day extension to file their applications for the 2007 BETR program. The time period for submitting applications for the program was August 1 to December 31, 2007. It is expected that a number of BETR applications filed during the extension period will be from businesses that have received overlapping TIF benefits. After the extension period, this report will be updated to include information obtained from those applications.

## SPREADSHEET INFORMATION

### Name of Business:

This column shows the name of the business receiving reimbursement under both the BETR and TIF programs.

### Total Value of TIF District Property:

This number includes the original assessed value and the captured assessed value of the district.

### Municipality:

This column shows the municipality in which the business receiving reimbursement under the BETR and TIF programs is located.

### 2005 Tax Rate:

This column shows the tax rate for the municipality.

### 2005 Captured Assessed Value:

This column reflects the total CAV of each TIF district. The figures in this column are not limited to the amounts forming the basis for credit enhancement agreements. Rather, this column also includes the additional new property valuation from the investment used as a basis for the issuance and retirement of bonds.

### 2005 T.I.F. Reimbursement:

This column is the amount of property taxes associated with CAV that is channeled directly to the taxpayer as a result of credit enhancement agreements.

### Total BETR Reimbursement:

This is the amount of the 2006 and 2007 BETR reimbursement received by businesses that also participate in a TIF, based on the April 1, 2005 personal property tax assessments.

### Extent of Overlap for BETR and TIF:

The amount of the overlap is the amount of the personal property tax that is reimbursed to the business by the municipality under a TIF program which was also claimed for reimbursement from the State under the 2006 and 2007 BETR programs.

# T.I.F. DISTRICTS / B.E.T.R. OVERLAP STUDY

## JANUARY REPORT FOR 2005 TAX YEAR

JANUARY 2008

| Name of Business            | Total Value of T.I.F. District Property | Municipality    | 2005 Tax Rate | 2005 CAPTURED ASSESSED VALUE |               |               | 2005 T.I.F. REIMBURSEMENT |             |             | 2006-2007 B.E.T.R. Reimbursements Paid to Businesses Based on April 1, 2005 Property Tax Assessments | Extent of Overlap for B.E.T.R. and T.I.F. |
|-----------------------------|---|-----------------|---------------|------------------------------|---------------|---------------|---------------------------|-------------|-------------|--|---|
|                             |   |                 |               | PERSONALTY                   | REALTY        | TOTAL         | PERSONALTY                | REALTY      | TOTAL       |  |   |
| Acadia Insurance Co         | \$6,890,100                             | Westbrook       | 0.023100      | \$2,474,400                  | \$4,415,700   | \$6,890,100   | \$28,579                  | \$44,782    | \$73,361    | \$26,872   | \$26,872                                  |
| Bath Iron Works Corp        | \$285,102,700                           | Bath            | 0.016200      | \$108,723,700                | \$176,379,000 | \$285,102,700 | \$91,086                  | \$2,557,495 | \$2,648,581 | \$2,835,531  | \$91,086                                  |
| Chafe Restaurant Corp       | \$1,733,500                             | Brewer          | 0.020060      | \$385,600                    | \$673,200     | \$1,058,800   | \$5,027                   | \$8,777     | \$13,804    | \$6,264  | \$5,027                                   |
| D+G Machine Products Inc    | \$12,168,100                            | Westbrook       | 0.023870      | \$6,729,100                  | \$1,524,300   | \$8,253,400   | \$80,445                  | \$17,605    | \$98,050    | \$160,275  | \$80,445                                  |
| Delorme Publishing Co. Inc  | \$10,996,700                            | Yarmouth        | 0.017600      | \$3,072,300                  | \$7,924,400   | \$10,996,700  | \$27,037                  | \$104,602   | \$131,639   | \$39,364   | \$27,037                                  |
| Dingley Press Inc           | \$41,550,230                            | Lisbon          | 0.024250      | \$26,398,978                 | \$2,583,270   | \$28,982,248  | \$320,088                 | \$31,322    | \$351,410   | \$618,213  | \$320,088                                 |
| Fairchild Semiconductor     | \$96,344,800                            | South Portland  | 0.018270      | \$59,640,200                 | \$3,192,100   | \$62,832,300  | \$583,477                 | \$31,229    | \$614,706   | \$1,503,730  | \$554,303                                 |
| Huhtamaki Company           | \$4,951,200                             | Waterville      | 0.025900      | \$22,331,300                 | \$0           | \$22,331,300  | \$72,112                  | \$6,625     | \$78,737    | \$326,380  | \$72,112                                  |
| InterfaceFABRIC Inc         | \$19,852,505                            | Guilford        | 0.015850      | \$14,540,310                 | \$5,312,195   | \$19,852,505  | \$225,811                 | \$84,198    | \$310,009   | \$374,100  | \$225,811                                 |
| Interstate Bakeries Corp    | \$45,816,300                            | Biddeford       | 0.018100      | \$15,000,000                 | \$0           | \$15,000,000  | \$134,393                 | \$0         | \$134,393   | \$463,379  | \$134,476                                 |
| J. S. McCarthy Inc          | \$4,973,404                             | Augusta         | 0.026000      | \$3,613,004                  | \$1,360,400   | \$4,973,404   | \$17,017                  | \$6,408     | \$23,425    | \$107,951  | \$17,017                                  |
| Jay McCrum                  | N/A                                     | Mars Hill       | 0.024000      | \$151,504                    | \$656,700     | \$808,204     | \$3,493                   | \$18,935    | \$22,428    | \$3,493  | \$3,493                                   |
| Katahdin Paper Co LLC       | \$103,833,200                           | Millinocket     | 0.020600      | \$88,039,600                 | \$218,620     | \$88,258,220  | \$1,813,616               | \$4,503     | \$1,818,119 | \$2,584,868  | \$1,813,616                               |
| Lanco Assembly Systems      | \$297,800                               | Westbrook       | 0.023870      | \$297,800                    | \$0           | \$297,800     | \$3,433                   | \$0         | \$3,433     | \$5,711  | \$2,826                                   |
| Madison Paper Industries    | \$216,937,100                           | Madison         | 0.017800      | \$19,584,703                 | \$0           | \$19,584,703  | \$209,173                 | \$0         | \$209,173   | \$1,283,689  | \$209,173                                 |
| National Semiconductor Corp | \$222,845,600                           | South Portland  | 0.018270      | \$83,438,900                 | \$17,729,400  | \$101,168,300 | \$1,523,415               | \$324,930   | \$1,848,345 | \$2,852,006  | \$1,447,244                               |
| Nichols Portland            | \$31,736,140                            | Portland        | 0.020130      | \$12,881,490                 | \$453,130     | \$13,334,620  | \$129,652                 | \$4,561     | \$134,213   | \$302,402  | \$129,652                                 |
| Old Town Canoe Co Inc       | \$8,496,300                             | Old Town        | 0.024200      | \$3,602,900                  | \$1,618,700   | \$5,221,600   | \$43,595                  | \$19,586    | \$63,181    | \$126,162  | \$43,595                                  |
| SD Warren Company           | \$640,000,000                           | Skowhegan       | 0.016650      | \$33,425,000                 | \$10,600,000  | \$44,025,000  | \$357,397                 | \$113,341   | \$470,737   | \$2,367,749  | \$357,397                                 |
| Shipyards Brewing co LLC    | \$5,716,890                             | Portland        | 0.020130      | \$1,655,800                  | \$3,609,890   | \$5,265,690   | Unknown                   | Unknown     | \$50,324    | \$14,297   | Unable to Calculate                       |
| Stratton Lumber Inc         | \$2,567,400                             | Stratton        | 0.014200      | \$279,130                    | \$1,512,915   | \$1,792,045   | \$3,964                   | \$21,483    | \$25,447    | \$61,491   | \$3,964                                   |
| Tambrands Inc               | \$127,554,100                           | Auburn          | 0.024350      | \$111,778,100                | \$15,776,000  | \$127,554,100 | \$1,054,912               | \$0         | \$1,054,912 | \$3,091,446  | \$1,054,912                               |
| Trans-Tech Industries Inc   | \$3,113,600                             | Brewer          | 0.020060      | \$462,000                    | \$2,601,400   | \$3,063,400   | \$6,023                   | \$33,914    | \$39,937    | \$8,232  | \$6,023                                   |
| Unum Group                  | \$66,639,980                            | Portland        | 0.020130      | \$6,397,980                  | \$60,242,000  | \$66,639,980  | \$78,101                  | \$719,830   | \$797,931   | \$70,904   | \$60,155                                  |
| Unum Provident Corp         | \$60,339,000                            | Portland        | 0.020130      | \$8,303,710                  | \$52,035,290  | \$60,339,000  | \$125,203                 | \$764,560   | \$889,763   | \$531,202  | \$83,467                                  |
| Verso Paper LLC             | \$400,307,425                           | Jay             | 0.015500      | \$259,496,307                | \$718,994     | \$260,215,301 | \$3,442,539               | \$6,687     | \$3,449,226 | \$2,790,850  | \$2,790,850                               |
| Verso Paper LLC             | \$102,652,724                           | Bucksport       | 0.014300      | \$31,486,333                 | \$6,768,840   | \$38,255,173  | \$271,322                 | \$58,328    | \$329,650   | \$519,686  | \$271,322                                 |
| Wausau Paper                | \$14,443,700                            | Livermore Falls | 0.023950      | \$14,443,700                 | \$0           | \$14,443,700  | \$345,927                 | \$0         | \$345,927   | \$441,563  | \$345,927                                 |
| Wausau Paper                | \$5,202,751                             | Jay             | 0.015500      | \$5,202,751                  | \$0           | \$5,202,751   | \$80,643                  | \$0         | \$80,643    | \$186,029  | \$80,643                                  |
| ZF Lemforder Corp           | \$15,864,000                            | Brewer          | 0.020060      | \$7,781,900                  | \$3,272,400   | \$11,054,300  | \$94,047                  | \$32,817    | \$126,864   | \$348,580  | \$94,047                                  |

**Total Overlap of TIF and BETR Reimbursements \$10,349,580**



PL 2005, Chapter 12, Part BBB, Section BBB-5, 36 M.R.S.A. § 6664

§6664. Report

1. Report to Legislature. By January 15th annually, the State Tax Assessor shall submit to the joint standing committee of the Legislature having jurisdiction over appropriations and financial affairs and the joint standing committee of the Legislature having jurisdiction over taxation matters a report that contains the following information with regard to persons receiving benefits under this chapter:

A. A list of persons receiving reimbursement for property taxes both under this chapter and under a tax increment financing agreement;

B. The total tax increment financing district property value for each person;

C. The municipality of each tax increment financing district and the property tax rate for that municipality;

D. The total tax increment financing district property taxes paid, categorized by real property and personal property;

E. The total of tax increment financing credit enhancement agreement reimbursement for property taxes paid categorized by real property and personal property;

F. The total reimbursement received by each person under this chapter; and

G. The extent of overlap between reimbursement for property taxes on personal property under this chapter and under a tax increment financing agreement.

2. Cooperation. The Department of Economic and Community Development and municipalities shall provide any information requested by the State Tax Assessor for the completion of the report required by this section.



# Form 800

## BUSINESS EQUIPMENT TAX REIMBURSEMENT APPLICATION



00

\*0710700\*

### 2007

(for eligible personal property taxes paid in 2006)

Check if applicant is a:  Corporation  LLC  
 Partnership  Sole Proprietor

Application must be filed no later than **December 31, 2007.**

If applicant is a corporation, partnership or LLC, enter federal EIN.....

Business Name: \_\_\_\_\_

If applicant is a sole proprietor, enter social security number.....

First Name: \_\_\_\_\_ M.I.: \_\_\_\_\_ Last Name: \_\_\_\_\_

Mailing Address: \_\_\_\_\_

City/Town: \_\_\_\_\_ State: \_\_\_\_\_ ZIP Code: \_\_\_\_\_

- 1. Consolidated application:  YES  NO ▶ If YES, complete lines 2, 4a, 4b, 5, 6, 8 and 9. Lines 5, 6 and 8 must reflect the total from all municipalities. Do not complete lines 3 and 7.  
▶ If NO, complete lines 2 through 9.
- 2. Business Code: \_\_\_\_\_
- 3. Municipal Code: \_\_\_\_\_
- 4a. Check this box if business was started on or after April 1, 1995.....
- 4b. Check this box if the business also receives reimbursement for personal property taxes under a TIF agreement (see instructions).....

Enter the following information for property tax payments made in calendar year 2006 based on the April 1, 2005 and/or April 1, 2006 assessments. See Instructions.

Assessed April 1, 2005

Assessed April 1, 2006

|  |                 |
|--|-----------------|
| 5. Original cost of eligible property..... 5a. \$ _____  | 5b. \$ _____    |
| 6. Assessed value ..... 6a. \$ _____   | 6b. \$ _____    |
| 7. Property tax rate..... 7a. _____ mills  | 7b. _____ mills |
| 8. Requested Reimbursement (If Consolidation Schedule is used, see instructions on page 4)..... 8a. \$ _____ | 8b. \$ _____    |

9. Total Reimbursement. Line 8a plus line 8b. .... 9. \$ \_\_\_\_\_

Tax paid on eligible property only, taking into account any early payment discounts, but exclusive of any interest, penalties or any other charges. Dated proof of tax payment and a copy of the tax bill must be included with your claim. Requested reimbursement must exclude any portion of the property tax payments related to property not eligible for the program. See instructions on page 4.

Applicant (or business owner) signature: Under penalties of perjury, I declare that I have examined this application and accompanying schedules and statements and, to the best of my knowledge and belief, they are true, correct and complete. Declaration of preparer (other than applicant) is based on all the information of which the preparer has any knowledge.

Applicant \_\_\_\_\_ Date \_\_\_\_/\_\_\_\_/\_\_\_\_ Telephone Number \_\_\_\_\_  
(or business officer)

Preparer \_\_\_\_\_ Date \_\_\_\_/\_\_\_\_/\_\_\_\_ Preparer ID Number \_\_\_\_\_

Preparer Telephone Number \_\_\_\_\_

office use only \_\_\_\_\_



# Request for Information: BETR Applicants who Receive TIF Credit Enhancement Reimbursements

File with Form 800 or mail to:  
Maine Revenue Services, P.O. Box 9107, Augusta, ME 04332-9107

Name: \_\_\_\_\_ ID#: \_\_\_\_\_

Address: \_\_\_\_\_

Municipality\*: \_\_\_\_\_ Property Tax Rate: \_\_\_\_\_

\* Attach a separate schedule for each TIF District.

Enter the following information based on the **April 1, 2005** property tax assessment.

1. Total valuation of all property owned by the entity located within the TIF District..... 1. \$ \_\_\_\_\_
  
2. Total **captured assessed valuation** ("CAV") of all property owned by the entity located within a TIF District.
  - a. Total CAV of personal property.....2a. \$ \_\_\_\_\_
  - b. Total CAV of real estate .....2b. \$ \_\_\_\_\_
  - c. Total CAV (line 2a plus line 2b)..... 2c. \$ \_\_\_\_\_
  
3. **TIF Reimbursement:** Reimbursement under a credit enhancement agreement for property taxes paid on TIF property included in the valuation on line 1 (see example on back).
  - a. Reimbursement for personal property .....3a. \$ \_\_\_\_\_
  - b. Reimbursement for real estate .....3b. \$ \_\_\_\_\_
  - c. Total reimbursement (line 3a plus line 3b)..... 3c. \$ \_\_\_\_\_

**NOTE: Do not file this worksheet if line 3a is zero.**
  
4. **BETR Reimbursement:** Amount on line 3c for which entity has applied, or is applying, for reimbursement under the BETR program (see example on back).
  - a. Amount claimed on the 2006 BETR Form 800.....4a. \$ \_\_\_\_\_
  - b. Amount claimed on the 2007 BETR Form 800.....4b. \$ \_\_\_\_\_
  - c. Total (line 4a plus line 4b)..... 4c. \$ \_\_\_\_\_

**Questions?** Call Maine Revenue Services at 207-287-2013 for TIF questions or 207-626-8475 for BETR questions.

**Signature of owner or other official representative of the business:**

Under penalties of perjury, I declare that I have examined this worksheet and accompanying schedules and statements and, to the best of my knowledge and belief, they are true, correct and complete.

Owner: \_\_\_\_\_ Date: \_\_/\_\_/\_\_  
(or business officer)

Telephone  
Number: \_\_\_\_-\_\_\_\_-\_\_\_\_\_

Contact Person: \_\_\_\_\_

Telephone  
Number: \_\_\_\_-\_\_\_\_-\_\_\_\_\_

## EXAMPLE

Business A owns an asset (personal property) worth \$100,000, for which it has a credit enhancement TIF of 50% from the municipality. Because the asset also qualifies for the BETR program, Business A submitted an application for and receives a full reimbursement of property taxes paid on the asset. From the April 1, 2005 assessment, the property tax on the asset is \$2,000. One half of the tax (\$1,000) is due September 1, 2005 and the other half is due March 1, 2006. Business A completes the BETR/TIF request for information worksheet as follows:

Enter the following information based on the **April 1, 2005** property tax assessment.

1. Total valuation of all property owned by the entity located within the TIF District..... 1. \$     \$150,000
  
  2. Total **captured assessed valuation** ("CAV") of all property owned by the entity located within a TIF District.
    - a. Total CAV of personal property.....2a. \$     \$100,000<sup>1</sup>
    - b. Total CAV of real estate.....2b. \$
    - c. Total CAV (line 2a plus line 2b)..... 2c. \$     \$100,000
  
  3. **TIF Reimbursement:** Reimbursement under a credit enhancement agreement for property taxes paid on TIF property included in the valuation on line 1 (see example on back).
    - a. Reimbursement for personal property.....3a. \$     \$1,000<sup>2</sup>
    - b. Reimbursement for real estate.....3b. \$
    - c. Total reimbursement (line 3a plus line 3b)..... 3c. \$     \$1,000
- NOTE: Do not file this worksheet if line 3a is zero.**
4. **BETR Reimbursement:** Amount on line 3c for which entity has applied, or is applying, for reimbursement under the BETR program (see example on back).
    - a. Amount claimed on the 2006 BETR Form 800.....4a. \$     \$500
    - b. Amount claimed on the 2007 BETR Form 800.....4b. \$     \$500
    - c. Total (line 4a plus line 4b)..... 4c. \$     \$1,000<sup>3</sup>

**Questions?** Call Maine Revenue Services at 207-287-2013 for TIF questions or 207-626-8475 for BETR questions.

**NOTES:** <sup>1</sup> This represents the full CAV for the asset.

<sup>2</sup> \$2,000 total tax multiplied by the 50% TIF reimbursement.

<sup>3</sup> Of the \$2,000 total BETR reimbursement, only \$1,000 represents the amount that was also reimbursed under the TIF arrangement. \$500 of this amount was reimbursed through a request on the 2006 BETR Form 800 (for calendar year 2005 payments) and the other \$500 was reimbursed through a request on the 2007 BETR Form 800 (2006 payments).