

MAINE STATE LEGISLATURE

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FIRST REGULAR SESSION

ONE HUNDRED AND TENTH LEGISLATURE

Legislative Document

No. 1146

S. P. 388

In Senate, March 6, 1981

Referred to the Committee on Taxation. Sent down forthwith for concurrence and ordered printed.

MAY M. ROSS, Secretary of the Senate

Presented by Senator Najarian of Cumberland.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED AND EIGHTY-ONE

AN ACT to Authorize Special Development Districts.

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

30 MRSA c. 239, sub-c. III-D is enacted to read:

SUBCHAPTER III-D

SPECIAL DEVELOPMENT DISTRICTS

§ 4891. Statement of policy; purposes

It is declared to be the policy of this State to encourage cooperation between the public and private sectors to promote and encourage orderly economic development. To this end, the State recognizes that municipalities make a significant local commitment to economic development projects, but do not realize an equitable share of the new state revenues resulting from this increased economic activity. It is in the public interest of the people of the State to encourage local joint public and private development projects and to this end, the State shall more equitably share the increased revenues generated by the projects with the municipality in which the project is located.

§ 4892. Special districts; designations

1. Designation. The governing body of a municipality may designate a special development district representing the area within the municipality in which there

has been, or will be, a significant combined public and private investment of funds for economic development purposes. The public portion of this investment shall be no less than 10% of the total planned investment and the total planned investment shall be no less than \$100,000. The public share of the investment may be federal or municipal funds, or any combination thereof.

2. Certification. The municipality's designation of a special development district shall be effective upon certification by the Director of the State Development Office of the boundaries adopted by municipality's governing body, and of the amount of the total public and private investment planned. Related investments within the area designated in the year prior to designation may be included in the total investment. The director shall provide the certification within 90 days of receipt of the municipality's designation, unless he makes a written finding that the requirements of this section have not been met. Joint investments within the special district planned or made after the date of certification of the district planned or made after the date of certification of the district may be added to the original certified amount if they meet the minimum requirements of subsection 1. The municipality shall provide any information necessary to the director to permit him to make the required certification or subsequent certifications.

§ 4893. Revenues

At the beginning of the 2nd full year after the date of certification of the special development district, the State shall credit the municipality with the annual projected increase in the state sales and income tax generated by joint investment on the basis of the following: The State shall credit the municipality with the amount representing the total certified joint investment times \$.01. This sum shall be adjusted annually thereafter by the same percentage as that representing the percentage increase in the total state sales and income tax revenues in the year immediately preceding.

§ 4894. Distribution

The Treasurer of State shall distribute the amount owed to the municipality within 30 days of crediting of the first amount owed, and annually thereafter.

§ 4895. Presumption

A district or project involving an investment of any amount which is approved for funding under the United States Urban Development Action Grant Program or a grant program of the United States Economic Development Administration shall be deemed to be eligible for designation as a special development district.

§ 4896. Areas designated as both development district and special development district

Nothing in this subchapter may preclude a municipality from designating an area overlapping in whole or in part as both a development district under subchapter III-B and a special development district under this subchapter.

STATEMENT OF FACT

Currently, municipalities do not share equitably in the increased revenues generated by local development projects. Nearly all of these revenues are realized by the State through the sales and income tax, with no provision for substantial return of such revenues to the municipality. The municipality, however, may be instrumental in obtaining and supporting the local development project. This bill provides that when a municipality makes a significant commitment to such local projects, a share of the estimated additional revenues generated by such projects shall be returned to the municipality on the basis of a formula estimated to represent such increased revenues.