

# MAINE STATE LEGISLATURE

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1 (Governor's Bill)  
2 SECOND REGULAR SESSION  
3

4 ONE HUNDRED AND TENTH LEGISLATURE  
5

6 **Legislative Document**

**No. 1999**

8 H. P. 2053 House of Representatives, February 17, 1982  
9 Referred to the Committee on Taxation. Sent up for concurrence  
and ordered printed.

EDWIN H. PERT, Clerk

9 Presented by Representative Hayden of Durham.

Cosponsors: Representative Masterman of Milo, Representative  
Day of Westbrook and Senator Brown of Washington.

10  
11 STATE OF MAINE  
12

13 IN THE YEAR OF OUR LORD  
14 NINETEEN HUNDRED AND EIGHTY-TWO  
15

16 AN ACT to Allow for Industrial  
17 Development Improvements Utilizing Tax  
18 Increment Financing.  
19

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

21 **Sec. 1. 30 MRSA §4861**, as enacted by PL 1977, c. 397,  
22 is amended to read:

23 §4861. Findings and declaration of necessity

24 It is found that there is a need for a- new development  
25 in areas of municipalities ~~which are already built up~~, to  
26 provide new employment opportunities, to improve and broaden  
27 the tax base and to improve the general economy of the  
28 State. Therefore, municipalities are authorized to develop  
29 a program for improving a district of the municipality: To  
30 provide impetus for industrial or commercial development, or  
31 both to increase employment; ~~to protect pedestrians from~~

1 vehicle traffic and inclement weather; to provide the neces-  
2 sary linkage between peripheral parking facilities and  
3 places of employment and shopping; to provide off-street  
4 parking to serve the shoppers and employees of the district;  
5 to eradicate blight and deterioration; to provide open space  
6 relief within the district; and to provide other facilities  
7 as are outlined in the development program adopted by the  
8 governing body of the municipality. It is declared that the  
9 actions required to assist the implementation of these  
10 development programs are a public purpose and that the  
11 execution and financing of such programs are a public pur-  
12 pose.

13       Sec. 2. 30 MRSA §4862, sub-§3, 2nd sentence, as  
14 enacted by PL 1977, c. 397, is amended to read:

15 The statement shall include a financial plan, a complete  
16 list of public facilities to be constructed, the uses of  
17 private property within the district, plans for the reloca-  
18 tion of persons displaced by the development activities, the  
19 open space to be created, the proposed regulations and  
20 facilities to improve transportation, the environmental con-  
21 trols to be applied, and the proposed operation of the dis-  
22 trict after the completion of the planned capital improve-  
23 ments.

24       Sec. 3. 30 MRSA §4862, sub-§4, as enacted by PL 1977,  
25 c. 397, is amended to read:

26       4. Financial plan. "Financial plan" means a statement  
27 of the costs and sources of revenue required to accomplish  
28 the development program. The statement shall contain cost  
29 estimates for the development program, the estimates of cap-  
30 tured assessed values, the portion of the captured assessed  
31 values to be applied to the development program and result-  
32 ing tax increments in each year of the program, the amount  
33 of bonded indebtedness to be incurred, other sources of  
34 anticipated revenues and the duration of the program. The  
35 statement shall also contain a statement of the estimated  
36 impact of tax increment financing on all taxing jurisdic-  
37 tions in which the district is located.

38       Sec. 4. 30 MRSA §4862, sub-§5, as enacted by PL 1977,  
39 c. 397, is amended to read:

40       5. Governing body of the municipality. "Governing  
41 body of the municipality" shall ~~means~~ means the legislative  
42 body of a city municipality or any regular, special or other  
43 duly constituted meeting of a town.

1           Sec. 5. 30 MRSA §4862, sub-§7, as enacted by PL 1977,  
2 c. 397, is repealed and the following enacted in its place:

3           7. Original assessed value. "Original assessed value"  
4 means the assessed value of the district as of March 31st of  
5 the preceding tax year.

6           Sec. 6. 30 MRSA §4862, sub-§7-A is enacted to read:

7           7-A. Project costs. "Project costs" means any  
8 expenditures made or estimated to be made or monetary obli-  
9 gations incurred or estimated to be incurred by the munici-  
10 pality which are listed in a project plan as costs of public  
11 works or improvements within a development district plus any  
12 costs incidental thereto, diminished by any income, special  
13 assessments, or other revenues, other than tax increments,  
14 received or reasonably expected to be received by the munic-  
15 ipality in connection with the implementation of this plan.  
16 These project costs include, but are not limited to:

17           A. Capital costs, including, but not limited to, the  
18 actual costs of the construction of public works or  
19 improvements, new buildings, structures and fixtures;  
20 the demolition, alteration, remodeling, repair or  
21 reconstruction of existing buildings, structures and  
22 fixtures; the acquisition of equipment; and the clear-  
23 ing and grading of land;

24           B. Financing costs, including, but not limited to, all  
25 interest paid to holders of evidences of indebtedness  
26 issued to pay for project costs and any premium paid  
27 over the principal amount thereof because of the  
28 redemption of the obligations prior to maturity;

29           C. Real property assembly costs, meaning any deficit  
30 incurred resulting from the sale or lease as lessor by  
31 the municipality of real or personal property within a  
32 development district for consideration which is less  
33 than its cost to the municipality;

34           D. Professional service costs, including, but not  
35 limited to, those costs incurred for architectural,  
36 planning, engineering and legal advice and services;

37           E. Administrative costs, including, but not limited  
38 to, reasonable charges for the time spent by municipal  
39 employees in connection with the implementation of a  
40 project plan;

1 F. Relocation costs, including, but not limited to,  
2 those relocation payments made following condemnation;

3 G. Organizational costs, including, but not limited  
4 to, the costs of conducting environmental impact and  
5 other studies and the costs of informing the public  
6 with respect to the creation of development districts  
7 and the implementation of project plans;

8 H. Payments made, in the discretion of the local  
9 legislative body, which are found to be necessary or  
10 convenient to the creation of development districts or  
11 the implementation of projects plans; and

12 I. That portion of the costs related to the construc-  
13 tion or alteration of sewerage treatment plants, water  
14 treatment plants or other environmental protection  
15 devices, storm or sanitary sewer lines, water lines or  
16 amenities on streets or the rebuilding or expansion of  
17 which is necessitated by the project plan for a devel-  
18 opment district, whether or not the construction,  
19 alteration, rebuilding or expansion is within the  
20 development district.

21 **Sec. 7. 30 MRSA §4862, sub-§§8, 9 and 10, as enacted**  
22 **by PL 1977, c.397, are repealed.**

23 **Sec. 8. 30 MRSA §4863, sub-§1, as last amended by PL**  
24 **1981, c. 131, is repealed and the following enacted in its**  
25 **place:**

26 1. Districts. The governing body of a municipality  
27 may designate development districts within the boundaries of  
28 the municipality. Prior to designating a district, the gov-  
29 erning body shall consult with the municipal planning agency  
30 or department and with an advisory board, if established  
31 under section 4870, and shall also hold at least one public  
32 hearing, notice of which shall be published at least 10 days  
33 prior to the hearing in a newspaper of general circulation  
34 within the municipality. Not less than 25%, by area, of the  
35 real property within such district shall meet at least one  
36 of the following criteria:

37 A. Is a blighted area;

38 B. Is in need of rehabilitation or conservation work;  
39 or

40 C. Is suitable for industrial sites.

1 The total area of a single development district shall not  
2 exceed 2% of the total acreage of the municipality and all  
3 development districts shall not exceed 5% of the total acre-  
4 age of the municipality. The aggregate value of equalized  
5 taxable property of the district plus all existing districts  
6 does not exceed 10% of the total value of equalized taxable  
7 property within the municipality. The boundaries of a  
8 district may be altered only after meeting the requirements  
9 for adoption under this subsection.

10 A designation under this subsection shall be effective upon  
11 approval by the governing body of the municipality. If the  
12 municipality has a charter, the designation shall be done in  
13 accordance with the provisions of the charter.

14 Sec. 9. 30 MRSA §4863, sub-§3, 3rd sentence, as  
15 enacted by PL 1977, c. 397, is amended to read:

16 The municipality's governing body may adopt ordinances  
17 regulating traffic in and access to ~~pedestrian skyways,~~  
18 ~~public parking structures,~~ and other any facilities con-  
19 structed within the development district.

20 Sec. 10. 30 MRSA §4863, sub-§3, last sentence, as  
21 amended by PL 1979, c. 331, §4, is further amended to read:

22 The municipality shall have the authority to install ~~special~~  
23 ~~lighting systems and amenities~~ public improvements.

24 Sec. 11. 30 MRSA §4866, as enacted by PL 1977, c. 397,  
25 is amended by adding at the end a new sentence to read:

26 The tax increment within a development district may be used  
27 as the local match for certain grant programs.

28 Sec. 12. 30 MRSA §4867, as enacted by PL 1977, c. 397,  
29 is amended to read:

30 §4867. Financing

31 The governing body of the municipality may authorize,  
32 ~~issue and sell general obligation bonds~~ the incurrence of  
33 debt obligation in the form of notes, bonds or other evi-  
34 dences of indebtedness, which shall mature within 30 years  
35 from the date of issue, to finance the acquisition and bet-  
36 terment of real and personal property all project costs as  
37 defined in section 4862, subsection 7-A needed to carry out  
38 the development program within the development district  
39 together with all relocation costs. All revenues derived

1 under section 4864 or under section 4865, subsection 1,  
2 received by the municipality shall be pledged for the pay-  
3 ment of these bonds the incurred indebtedness and used to  
4 reduce or cancel the taxes otherwise required to be expended  
5 for that purpose, and the bonds notes, bonds or other forms  
6 of financing shall not be included when computing the  
7 municipality's net debt.

8 STATEMENT OF FACT

9 The intent of this bill is to amend Title 30, section  
10 4861 et seq. to allow municipalities to make public improve-  
11 ments for industrial development utilizing tax increment  
12 financing.

13 Tax increment financing allows a municipality to retire  
14 the debt incurred from making certain public improvements by  
15 utilizing the increased property tax revenues that those  
16 improvements would tend to generate. Tax increment financ-  
17 ing can only be used within locally determined development  
18 districts which have been properly designated by the local  
19 governing body. Presently, these municipal development dis-  
20 tricts and the public improvements which would occur within  
21 them can only be aimed at encouraging commercial develop-  
22 ment.

23 Section 1 of the bill amends the declaration of neces-  
24 sity to include an explicit statement on industrial develop-  
25 ment. This section also eliminates certain phrases which  
26 would limit tax increment financing projects to commercial  
27 development.

28 Sections 2 through 7 of the bill amend Title 30,  
29 section 4862 by adding and deleting certain definitions.  
30 This is aimed at clarifying precisely what types of public  
31 commercial and industrial development projects would be eli-  
32 gible for tax increment financing.

33 Section 8 of the bill amends the subsection describing  
34 the designation of actual development districts. This  
35 section eliminates the requirement that at least 60% of a  
36 designated development district be already plotted and  
37 developed. This section also sets limits on the percentage  
38 of a municipality's total acreage and total assessed value  
39 which can be designated as part of a development district.

40 Sections 9 and 10 of the bill eliminates certain lan-  
41 guage which implies the public improvements would be aimed  
42 solely at commercial development.

1           Section 11 allows a municipality to use the revenues  
2 obtained from the tax increment of the "captured assessed  
3 value" for meeting the local match requirement for certain  
4 grant programs.

5           Section 12 of the bill allows a municipality to finance  
6 the debt incurred under a tax increment financing project in  
7 ways other than issuing general obligation bonds only.

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