

MAINE STATE LEGISLATURE

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1 FIRST REGULAR SESSION
2

3 ONE HUNDRED AND ELEVENTH LEGISLATURE
4

5 Legislative Document

No. 1364

6
7 H.P. 1039

House of Representatives, March 29, 1983

8 Referred to the Committee on Taxation. Sent up for concurrence and
9 ordered printed.

EDWIN H. PERT, Clerk

10 Presented by Representative Hayden of Durham.

Cosponsors: Representative Murray of Bangor, Senator Wood of York
and Representative Masterman of Milo.

11
12 STATE OF MAINE
13

14 IN THE YEAR OF OUR LORD
15 NINETEEN HUNDRED AND EIGHTY-THREE
16

17 AN ACT to Amend the Law Relating to
18 Tax Increment Financing.
19

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

22 Sec. 1. 30 MRSA §5055, sub-§4, ¶B, as enacted by
23 PL 1971, c. 478, §1, is amended to read:

24 B. Property tax burden. "Property tax burden"
25 shall mean the total real and personal property
26 taxes assessed in the most recently completed
27 municipal fiscal year, except the taxes assessed
28 from captured value within a tax increment
29 financing district, divided by the latest state
30 valuation certified to the Secretary of State.

31 Sec. 2. 36 MRSA §305, sub-§1, as amended by PL
32 1975, c. 272, §34, is further amended to read:

1 1. Just value. Certify to the Secretary of State
2 before the first day of February in the year of the
3 regular session of the Legislature the equalized just
4 value of all real and personal property in each
5 municipality and unorganized place which is subject
6 to taxation under the laws of this State. Such equal-
7 ized just value shall be uniformly assessed in each
8 municipality and unorganized place and shall be based
9 on 100% of the current market value. It shall sepa-
10 rately show for each municipality and unorganized
11 place the actual or estimated value of all real
12 estate which is exempt from property taxation by law;
13 or is the captured value within a tax increment
14 financing district. The valuation as filed shall
15 remain in effect until the next valuation is filed
16 and shall be the basis for the computation and appor-
17 tionment of the state and county taxes;

18 Sec. 3. 36 MRSA §381, as amended by PL 1981, c.
19 698, §178, is further amended to read:

20 §381. State valuation; definition; to be filed with
21 Bureau of Taxation annually; abatement

22 The term "state valuation" as used in reference
23 to the unorganized territory in this Title, except in
24 this chapter, means an annual valuation of all prop-
25 erty subject to a Maine property tax but not taxable
26 by a municipality. The annual valuation is to be
27 completed by and on file in the office of the Bureau
28 of Taxation prior to the assessment of the annual
29 property tax in the unorganized territory. The
30 annual valuation is to be based on the status of
31 property on April 1st. In this chapter and outside of
32 this Title, the term "state valuation" means the
33 valuation filed with the Secretary of State pursuant
34 to section 305, subsection 1, except captured value
35 located within a tax increment financing district.

36 STATEMENT OF FACT

37 Under the present law, an increase in valuation
38 causes a reduction in state aids and an increase in
39 county tax responsibility for a municipality. This
40 is based on a theory that the new valuation will
41 generate increased revenues for a community so that

1 its need for aids is less and its county tax respon-
2 sibility is increased. This theory is sound until a
3 community is involved in a tax increment financing
4 arrangement. Under the amended tax increment financ-
5 ing enabling legislation, a community increases
6 indebtedness for the purpose of providing public
7 improvements to an area in order to accommodate new
8 private investment. The tax increment financing
9 statute provides that a community can "capture" all
10 tax revenues generated from the new private invest-
11 ment within a tax increment financing district and
12 use it for the retirement of the public improvement
13 costs associated with the project. Therefore, the
14 local community does not have any additional tax
15 revenues available to make up for the loss of state
16 aid and the increased county tax burden that would
17 result under the state's treatment of new valuation.
18 The purpose of this bill is to rectify this problem
19 by allowing a community to maintain its current level
20 of aids and county tax responsibility until the
21 public improvement debt is retired.

22 Tax increment financing has been a usable tool
23 for economic development purposes in many states
24 across the country since the 1950's. The purpose of
25 these recommended changes is to make Maine's tax
26 increment financing law the flexible economic devel-
27 opment tool that our communities need to compete for
28 new investment and jobs. This is particularly impor-
29 tant because of reduced economic development aid pro-
30 grams available to communities.

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