

# MAINE STATE LEGISLATURE

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1 FIRST REGULAR SESSION  
2

3 ONE HUNDRED AND TWELFTH LEGISLATURE  
4

5 Legislative Document

No. 525

6  
7 H.P. 370

House of Representatives, February 12, 1985

8 Speaker laid before the House and on motion of Representative Higgins  
9 of Portland, referred to the Committee on Local and County Government.  
Sent up for concurrence and ordered printed.

10 EDWIN H. PERT, Clerk

Presented by Representative Murray of Bangor.

11 Cosponsored by Representative Stevens of Bangor, Representative  
Masterman of Milo and Senator Baldacci of Penobscot.

12 STATE OF MAINE  
13

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

17 AN ACT to Amend the Municipal Development  
18 District Law.  
19

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

22 Sec. 1. 30 MRSA §4862 sub-§1, as enacted by PL  
23 1977, c. 397, is amended to read:

24 1. Captured assessed value. "Captured assessed  
25 value" means the valuation amount by which the cur-  
26 rent assessed value of ~~the development~~ a tax incre-  
27 ment financing district exceeds the original assessed  
28 value of the district. If the current assessed value  
29 is equal to or less than the original there is no  
30 captured assessed value.

31 Sec. 2. 30 MRSA §4862, sub-§4, as enacted by PL  
32 1977, c. 397, is amended to read:

33 4. Financial plan. "Financial plan" means a  
34 statement of the costs and sources of revenue re-

1 required to accomplish the development program. The  
2 statement shall contain cost estimates for the devel-  
3 opment program, the estimates of captured assessed  
4 values, the portion of the captured assessed values  
5 to be applied to the development program and result-  
6 ing tax increments in each year of the program, the  
7 amount of bonded indebtedness to be incurred, other  
8 sources of anticipated revenues and the duration of  
9 the program. The statement shall also contain For a  
10 development program for a tax increment financing  
11 district, the statement shall also contain estimates  
12 of captured assessed values of the district, the por-  
13 tion of the captured assessed values to be applied to  
14 the development program and resulting tax increments  
15 in each year of the program and a statement of the  
16 estimated impact of tax increment financing on all  
17 taxing jurisdictions in which the district is lo-  
18 cated.

19 Sec. 3. 30 MRSA §4862, sub-§12 is enacted to  
20 read:

21 12. Tax increment financing district. "Tax in-  
22 crement financing district" means a type of develop-  
23 ment district, or portion of such a district, which  
24 utilizes tax increment financing under section 4864.

25 Sec. 4. 30 MRSA §4863, sub-§1, as repealed and  
26 replaced by PL 1983, c. 859, Pt. N, §1, is amended to  
27 read:

28 1. Districts. The governing body of a municipi-  
29 pality may designate development districts within the  
30 boundaries of the municipality. Prior to designating  
31 a district, the governing body shall consult with the  
32 municipal planning agency or department and with an  
33 advisory board, if established under section 4870,  
34 and shall also hold at least one public hearing, no-  
35 tice of which shall be published at least 10 days  
36 prior to the hearing in a newspaper of general circu-  
37 lation within the municipality.

38 A. Not less than 25%, by area, of the real prop-  
39 erty within such a development district shall  
40 meet at least one of the following criteria:

- 1 (1) Is a blighted area;
- 2 (2) Is in need of rehabilitation or conser-  
3 vation work; or
- 4 (3) Is suitable for industrial sites.

5 B. The total area of a single development dis-  
6 trict shall not exceed 2% of the total acreage of  
7 the municipality and all development districts  
8 shall not exceed 5% of the total acreage of the  
9 municipality. The aggregate value of equalized  
10 taxable property of the district plus all exist-  
11 ing districts does not exceed 5% of the total  
12 value of equalized taxable property within the  
13 municipality. The boundaries of a district may  
14 be altered only after meeting the requirements  
15 for adoption under this subsection.

16 B-1. The aggregate value of equalized taxable  
17 property of a tax increment financing district,  
18 plus all existing tax increment financing dis-  
19 tricts, shall not exceed 5% of the total value of  
20 equalized taxable property within the municipali-  
21 ty.

22 C. The designation of captured assessed value of  
23 property within a development tax increment  
24 financing district shall be subject to the fol-  
25 lowing limitations:

26 (1) The annual increase in captured as-  
27 sessed value of property within development  
28 tax increment financing districts must not  
29 exceed \$5,000,000 in any county; and

30 (2) The annual increase in captured as-  
31 sessed value of property within development  
32 tax increment financing districts must not  
33 exceed \$15,000,000 statewide. The Director  
34 of the State Development Office shall  
35 promulgate any rules necessary to allocate  
36 or apportion the designation of captured as-  
37 sessed value of property within development  
38 tax increment financing districts in accord-  
39 ance with these limitations.

1 D. Before final designation of a tax increment  
2 financing district, the Director of the State De-  
3 velopment Office shall review the proposal to en-  
4 sure that it is in compliance with statutory re-  
5 quirements and shall identify tax shifts within  
6 the county where the district will exist. A des-  
7 ignation under this subsection shall be effective  
8 upon approval by the governing body of the munic-  
9 ipality and, for tax increment financing dis-  
10 tricts, the Director of the State Development Of-  
11 fice. If the municipality has a charter, the  
12 designation shall be done in accordance with the  
13 provisions of the charter.

14 Sec. 5. 30 MRSA §4864, sub-§1, as enacted by PL  
15 1977, c. 397, is amended to read:

16 1. Captured assessed value. The municipality may  
17 retain all or part of the tax increment of a  
18 development tax increment financing district for the  
19 purpose of financing the development program. The  
20 amount of tax increment to be retained shall be de-  
21 termined by designating the amount of capture as-  
22 sessed value to be retained. At the time of adoption  
23 of a development program for a tax increment financ-  
24 ing district, the governing body shall adopt a state-  
25 ment of the percentage of captured assessed value to  
26 be retained in accordance with the development pro-  
27 gram. Once adopted, the percentage may only be de-  
28 creased in subsequent years, unless a new development  
29 program is adopted, or the present plan is amended or  
30 altered under section 4863. The municipal assessor  
31 shall certify the amount of the captured assessed  
32 value to the municipality each year.

33 Sec. 6. 30 MRSA §4864 sub-§2, as enacted by PL  
34 1977, c. 397, is amended to read:

35 2. Original assessed value. Upon or after forma-  
36 tion of a development tax increment financing dis-  
37 trict, the assessor of the municipality in which it  
38 is located shall, on request of the governing body,  
39 certify the original assessed value of the taxable  
40 real property within the boundaries of the  
41 development tax increment financing district. Each

1 year thereafter the municipal assessor shall certify  
2 the amount by which assessed value has increased or  
3 decreased from the original value.

4 Sec. 7. 30 MRS §4864, sub-§5, ¶A, as enacted by  
5 PL 1977, c. 397, is amended to read:

6 A. Nothing in this section ~~shall allow~~ allows or  
7 sanction unequal apportionment or assessment of  
8 the taxes to be paid on real property in this  
9 State, and all real property within the  
10 development tax increment financing district  
11 shall pay real property taxes apportioned equally  
12 with property taxes paid elsewhere in the municipi-  
13 pality.

14 Sec. 8. 30 MRS §4865, sub-§2-A is enacted to  
15 read:

16 2-A. Implementation assessments. The municipali-  
17 ty may estimate and assess upon all lots or property  
18 within the development district an implementation as-  
19 essment. The assessment shall be assessed equally  
20 and uniformly on all lots or property receiving bene-  
21 fits from the development program. The implementa-  
22 tion assessments may be used to fund activities  
23 which, in the opinion of the governing body of the  
24 municipality, are reasonably necessary to achieve the  
25 purposes of the development program. The total im-  
26 plementation assessments for a district shall not ex-  
27 ceed 30% of the total of any other assessments under  
28 this section for the district. Prior to estimating  
29 and assessing an implementation assessment, the mu-  
30 nicipality shall give notice and hold a hearing as  
31 provided under subsection 3. The activities funded  
32 by implementation assessments shall be in addition to  
33 those already conducted within the district by the  
34 municipality at the time of the adoption of the de-  
35 velopment district.

36 Sec. 9. 30 MRS §4865, sub-§3, as enacted by PL  
37 1977, c. 397, is amended to read:

38 3. Notice and hearing. Prior to estimating and  
39 assessing an assessment under subsection 1 ~~or~~, 2 or

1 2-A, the municipality shall give notice and hold a  
2 hearing. Notice of the hearing shall be published at  
3 least 10 days prior to the hearing in a newspaper of  
4 general circulation within the municipality. The no-  
5 tice shall include:

6 A. The date, time and place of hearing;

7 B. The boundaries of the development district by  
8 legal description;

9 C. A statement that all interested persons own-  
10 ing real estate or taxable property located with-  
11 in the district will be given an opportunity to  
12 be heard at the hearing and an opportunity to  
13 file objections to the amount of the assessment;  
14 ~~and~~

15 D. The maximum rate of assessments to be ex-  
16 tended in any one year, and may include a maximum  
17 number of years the assessments will be levied; and  
18 and

19 E. A proposed list of properties to be assessed  
20 and the estimated assessments against those prop-  
21 erties.

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STATEMENT OF FACT

2           This bill allows for the creation of "tax incre-  
3 ment financing districts" which would be defined as  
4 development districts in which tax increment financ-  
5 ing could be utilized. Tax increment financing is a  
6 financing tool which local communities may presently  
7 utilize within municipal development districts in  
8 fostering economic development. This bill amends  
9 several sections of the municipal development dis-  
10 trict law which pertain to tax increment financing,  
11 by clarifying that these sections would refer only to  
12 tax increment financing districts and not all devel-  
13 opment districts in general, these sections include:

14           1. The requirement that any financial plan in-  
15 clude estimates of the captured assessed value;

16           2. That the restriction on aggregate value of  
17 equalized taxable property of any development dis-  
18 trict be limited to 5% of the total value of equal-  
19 ized taxable property within the municipality;

20           3. The limitation on the annual increase in cap-  
21 tured assessed value within any district in each  
22 county and in all districts statewide; and

23           4. The requirement that final designation of any  
24 development district be approved by the Director of  
25 the State Development Office.

26           This bill allows a municipality to levy an imple-  
27 mentation assessment on all lots within a duly ap-  
28 proved development district. The implementation as-  
29 sessment would be used to fund activities which, in  
30 the opinion of the governing body of the municipali-  
31 ty, are reasonably necessary to achieve the purposes  
32 of the development program.

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