

# MAINE STATE LEGISLATURE

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# 115th MAINE LEGISLATURE

## FIRST REGULAR SESSION-1991

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Legislative Document

No. 1211

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H.P. 845

House of Representatives, March 20, 1991

Reference to the Committee on Taxation suggested and ordered printed.

A handwritten signature in cursive script that reads "Ed Pert".

EDWIN H. PERT, Clerk

Presented by Representative CASHMAN of Old Town.

Cosponsored by Senator CONLEY of Cumberland, Senator BOST of Penobscot and Representative DUFFY of Bangor.

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STATE OF MAINE

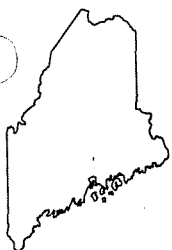
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IN THE YEAR OF OUR LORD  
NINETEEN HUNDRED AND NINETY-ONE

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**An Act to Correct Certain Errors and Inconsistencies in the Law  
Enabling Municipal Development Districts.**

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

2  
4 Sec. 1. 30-A MRSA §5252, sub-§4, ¶¶F and G, as amended by PL 1989, c. 104, Pt. C, §§8 and 10, are further amended to read:

6 F. The environmental controls to be applied; and

8 G. The proposed operation of the district after the planned capital improvements are completed; and

10 Sec. 2. 30-A MRSA §5252, sub-§4, ¶H is enacted to read:

12 H. The duration of the program that must not exceed 30  
14 years from the date of designation of the district.

16 Sec. 3. 30-A MRSA §5252, sub-§5, ¶A, as amended by PL 1989, c. 104, Pt. C, §§8 and 10, is further amended to read:

18 A. The statement must include:

20 (1) Cost estimates for the development program;

22 (2) The amount of bonded indebtedness to be incurred;  
24 and

26 (3) Sources of anticipated revenues; ~~and~~

28 ~~(4) The duration of the program.~~

30 Sec. 4. 30-A MRSA §5253, sub-§1, as amended by PL 1989, c. 104, Pt. A, §47; Pt. C, §§8 and 10; and c. 508, §§4 and 5, is repealed and the following enacted in its place:

34 1. Districts. The municipal legislative body may designate  
36 development districts within the boundaries of the municipality.  
38 Before designating a district, the municipal legislative body or  
40 the municipal legislative body's designee shall hold at least one  
public hearing. Notice of the hearing must be published at least  
10 days before the hearing in a newspaper of general circulation  
within the municipality.

42 A. At least 25%, by area, of the real property within a  
44 development district must meet at least one of the following  
criteria:

46 (1) Must be a blighted area;

48 (2) Must be in need of rehabilitation, redevelopment  
50 or conservation work; or

52 (3) Must be suitable for industrial sites.

2           B. The total area of a single development district may not  
4           exceed 2% of the total acreage of the municipality. All  
6           development districts may not exceed 5% of the total acreage  
            of the municipality. The boundaries of a development  
            district may be altered only after meeting the requirements  
            for adoption under this subsection.

8           C. The aggregate value of equalized taxable property, as  
10          defined in Title 36, sections 208 and 305, of a tax  
12          increment financing district determined as of the April 1st  
14          preceding the date the designation of the district becomes  
16          effective, plus all existing tax increment financing  
18          districts determined as of the April 1st preceding the date  
            the designation of each such district became effective, may  
            not exceed 5% of the total value of equalized taxable  
            property within the municipality as of the April 1st  
            preceding the date the designation of the development  
            district becomes effective.

20          D. The aggregate value of indebtedness financed by the  
22          proceeds from tax increment financing districts within any  
            county may not exceed \$50,000,000.

24          E. The designation of captured assessed value of property  
26          within a tax increment financing district is subject to the  
            following limitations.

28                 (1) The Commissioner of Economic and Community  
30                 Development shall adopt rules necessary to allocate or  
32                 apportion the designation of captured assessed value of  
                  property within tax increment financing districts in  
                  accordance with these limitations.

34                 (2) Fifteen percent of the project costs for the  
36                 development program must be incurred within 9 months of  
38                 the designation of the tax increment financing district  
40                 by the Commissioner of Economic and Community  
42                 Development. The development program must be completed  
                  within 5 years of the designation of the tax increment  
                  financing district by the Commissioner of Economic and  
                  Community Development.

44          F. Before final designation of a tax increment financing  
46          district, the Commissioner of Economic and Community  
48          Development shall review the proposal to ensure that the  
50          proposal complies with statutory requirements and shall  
52          identify tax shifts within the county where the tax  
            increment financing district will be designated. A  
            designation under this subsection is effective upon approval  
            by the municipal legislative body and, for tax increment  
            financing districts, upon approval by the Commissioner of  
            Economic and Community Development. If the municipality has

2 a charter, the designation of a development district must be  
3 in accordance with the provisions of the municipal charter.

4 Sec. 5. 30-A MRSA §5254, sub-§1, as amended by PL 1989, c.  
5 104, Pt. A, §48 and Pt. C, §§8 and 10, is further amended to read:

6  
7 1. Captured assessed value. The municipality may retain  
8 all or part of the tax increment of a tax increment financing  
9 district for the purpose of financing the development program.  
10 The amount of tax increment to be retained shall be is determined  
11 by designating the amount of captured assessed value to be  
12 retained. When a development program for a tax increment  
13 financing district is adopted, the municipal legislative body  
14 shall adopt a statement of the percentage of captured assessed  
15 value to be retained in accordance with the development program.  
16 ~~Once--adopted,--the~~ The statement of percentage may only--be  
17 ~~decreased--in--subsequent--years,--unless--a--new--development--program~~  
18 ~~is--adopted,--or--the--present--plan--is--amended--or--altered--under~~  
19 ~~section--5253~~ establish a specific percentage or percentages or  
20 may describe a method or formula for determination of the  
21 percentage. The municipal assessor shall certify the amount of  
22 the captured assessed value to the municipality each year.

24 Sec. 6. 30-A MRSA §5254, sub-§§2 and 3, as amended by PL 1989,  
25 c. 104, Pt. C, §§8 and 10, are further amended to read:

26  
27 2. Original assessed value. Upon On or after formation of  
28 a tax increment financing district, the assessor of the  
29 municipality in which it is located shall, on request of the  
30 municipal legislative body, certify the original assessed value  
31 of the taxable ~~real~~ property within the boundaries of the tax  
32 increment financing district. Each year thereafter, after the  
33 formation of a tax increment financing district, the municipal  
34 assessor shall certify the amount by which the assessed value has  
35 increased or decreased from the original value.

36  
37 3. Development program fund; tax increment revenues. If a  
38 municipality has elected to retain all or a percentage of the  
39 retained captured assessed value under subsection 1, it the  
40 municipality shall:

41 A. Establish a development sinking program fund which--is  
42 pledged--to--and--charged--with--the--payment--of--the--interest--and  
43 principal--as--they--fall--due,--and--the--necessary--charges--of  
44 paying--agents--for--paying--interest--and--principal--on--any  
45 notes,--bonds--or--other--evidences--of--indebtedness--that--were  
46 issued--to--fund--or--refund--the--rehabilitation--or--development  
47 under--this--chapter,--and that consists of the following:

48  
49 (1) A development sinking fund account that is pledged  
50 to and charged with the payment of the interest and  
51 principal as the interest and principal fall due and  
52

2 the necessary charges of paying interest and principal  
4 on any notes, bonds or other evidences of indebtedness  
that were issued to fund or refund the cost of the  
development program fund; and

6 (2) A project cost account that is pledged to and  
8 charged with the payment of project costs as outlined  
in the financial plan and are paid in a manner other  
than as described in subparagraph (1);

10 B. Annually set aside all tax increment revenues on  
12 retained captured assessed values payable to the  
14 municipality for public purposes and deposit them all tax  
16 increment revenues to the credit--of--the appropriate  
development sinking program fund, account in the following  
priority:

18 (1) To the development sinking fund account, an amount  
20 sufficient, together with estimated future revenues to  
be deposited to the account and earnings on the amount,  
22 to satisfy all debt service on bonds and notes issued  
under section 5257 and the financial plan; and

24 (2) To the project cost account, an amount sufficient,  
26 together with estimated future revenues to be deposited  
to the account and earnings on the amount, to satisfy  
28 all project costs to be paid from the account;

30 C. Be permitted to make transfers between development  
32 program fund accounts as required, provided that the  
transfers do not result in a balance in the development  
34 sinking fund account that is insufficient to cover the  
annual obligations of that account; and

36 D. Annually return to the municipal general fund any tax  
38 increment revenues in excess of those estimated to be  
required to satisfy the obligations of the development  
40 sinking fund account. The corresponding amount of local  
valuation may not be included as part of the retained  
captured assessed value as specified by the municipality.

42 **Sec. 7. 30-A MRSA §5255, sub-§1, ¶A, as amended by PL 1989, c.**  
44 **104, Pt. C, §§8 and 10, is further amended to read:**

46 A. A development assessment upon lots or property within  
48 the development district. The assessment shall must be made  
50 upon lots or property that have been benefited by  
improvements constructed or created under the development  
program and may not exceed a just and equitable  
proportionate share of the cost of the improvement. All  
revenues from assessments under this paragraph shall ~~be~~ are

