

MAINE STATE LEGISLATURE

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115th MAINE LEGISLATURE

FIRST REGULAR SESSION-1991

Legislative Document

No. 1769

H.P. 1211

House of Representatives, May 2, 1991

Reference to the Committee on Housing and Economic Development 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.

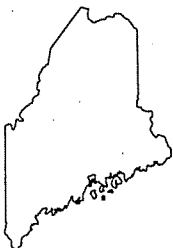
Cosponsored by Representative KILKELLY of Wiscasset, Representative MELENDY of Rockland and Senator BRANNIGAN of Cumberland.

STATE OF MAINE

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

An Act to Encourage Business Investments.

(EMERGENCY)



Emergency preamble. Whereas, Acts of the Legislature do not
2 become effective until 90 days after adjournment unless enacted
as emergencies; and

4
Whereas, this Act establishes the Commission to Study State
6 Permitting and Reporting Requirements; and

8
Whereas, to begin its work in a timely fashion, this
commission must hold its first meeting no later than July 15,
10 1991; and

12
Whereas, in the judgment of the Legislature, these facts
create an emergency within the meaning of the Constitution of
14 Maine and require the following legislation as immediately
necessary for the preservation of the public peace, health and
16 safety; now, therefore,

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

20
22 **PART A**

24 **Sec. A-1. 30-A MRSA §5251, sub-§2-A is enacted to read:**

26 2-A. State participation. Recognizing that the State as
well as municipalities share in the benefits of responsible new
development, the State may also participate in the local program
28 for improving a district:

30 A. To enhance local efforts for economic or commercial
development, or both;

32 B. To expand employment opportunities; and

34 C. To promote the development of significant public
36 facilities that encourage industrial or commercial
development, or both.

38
40 **Sec. A-2. 30-A MRSA §5252, sub-§§1-A, 6-A and 8-A are enacted**
to read:

42 1-A. Benefitted business. "Benefitted business" means a
business that receives the direct financial benefits from the
44 operation of the tax increment financing district.

46 6-A. Major public improvement project. "Major public
improvement project" means a publicly owned facility that will
48 provide direct and indirect benefit through an increase in
employment activities and product or service sales for a number
50 of businesses. Such facilities include, but are not limited to,

2 arenas, stadiums, sports or recreational facilities, auditoriums,
3 convention centers or other facilities that serve the visiting
4 public.

6 8-A. State tax increment. "State tax increment" means that
7 portion of all additional sales and state payroll taxes generated
8 as a result of increased sales and employment within a duly
9 designated tax increment financing district above the normal
10 growth for that district.

12 Sec. A-3. 30-A MRSA §§5254-A and 5254-B are enacted to read:

14 §5254-A. State tax increment financing

16 1. Eligibility. Any duly designated tax increment
17 financing district, in which captured assessed value is created
18 after the effective date of this section, is eligible to be
19 designated as a state tax increment financing district.
20 Municipalities must demonstrate that without the designation as a
21 state tax increment financing district the new sales tax revenues
22 will not be generated, nor will new jobs be created resulting in
23 new payroll taxes.

24 2. Retained state tax revenues. On an annual basis,
25 designated businesses within the district shall report the amount
26 of new sales tax and payroll tax revenues collected and paid to
27 the State. The municipality, at its election, is entitled to
28 receive up to 25% of the total of new sales tax revenues and up
29 to 25% of the total of new payroll taxes generated by designated
30 businesses within the district, subject to the limitations in
31 subsection 4. The municipality shall place this state tax
32 increment financing revenue in the development sinking fund
33 established in accordance with section 5254, subsection 3.

34 3. State tax increment contingent account created. At the
35 beginning of each fiscal year, an amount equal to the total
36 annual liabilities for approved state tax increment financing
37 districts will be deposited in the state tax increment
38 contingent account. These funds must be paid to recipient
39 municipalities upon the report of increased sales and payroll tax
40 revenues generated within the designated district. Any amounts
41 not disbursed on an annual basis must be retained in the
42 contingent account.

44 4. Limitations. The following limitations apply.

46 A. A business relocating from another location in this
47 State, moving employment and sales, is not eligible for the
48 state tax increment financing.

50

2 B. A business must demonstrate that the operation within a
4 tax increment financing district will have no adverse effect
6 on other businesses in the State, nor will it create an
8 unfair competitive advantage in relation to other businesses
10 in the State.

12 C. A state tax increment financing district may not
14 designate an aggregate amount of retained state tax revenues
16 greater than 10% of the total state tax increment contingent
18 account, such percentage to be applied for the duration of
20 the designation.

22 D. At no time may the aggregate liability from all state
24 tax increment financing districts exceed \$20,000,000.

26 5. Duration of state designation. State tax increment
28 financing districts have a maximum duration of 10 years.

30 6. Program; administration. The Finance Authority of Maine
32 shall administer a state tax increment financing program. The
34 authority shall adopt rules pursuant to Title 5, chapter 375 for
36 implementation of the program, including but not limited to rules
38 for determining and certifying eligibility and the amount of the
40 tax increment attributable to particular districts. The
42 authority may also establish by rule fees for administration of
44 the program.

46 **§5254-B. State tax increment financing for major public**
48 **improvements**

50 1. Eligibility. Any duly designated tax increment
52 financing district, in which a major public improvement is
54 developed that creates captured assessed value and that is
56 created after the effective date of this section, is eligible to
58 be designated as a state tax increment financing district for
60 major public improvements. Municipalities must demonstrate that
62 without the designation as a state tax increment financing
64 district for major public improvements, the new sales tax
66 revenues will not be generated, nor will new jobs be created
68 resulting in new payroll taxes. Projections about revenues
70 generated as a result of the major public improvement must be
72 verified and accepted by the Commissioner of Finance as the basis
74 for the reservation of state tax increment financing for major
76 public improvements.

78 2. Retained state tax revenues. The municipality, at its
80 election, is entitled to receive up to 50% of the total of new
82 sales tax revenues and up to 50% of the total of new payroll
84 taxes generated by businesses within the district as verified and
86 accepted by the Commissioner of Finance, subject to the

2 limitations in subsection 4. The municipality shall place this
3 state tax increment financing revenue in the development sinking
4 fund established in accordance with section 5254, subsection 3.

6 3. State tax increment contingent account for major public
7 improvements created. At the beginning of each fiscal year, an
8 amount equal to the total liabilities for approved state tax
9 increment financing districts, to a maximum of \$80,000,000, must
10 be deposited in the state tax increment contingent account, such
11 funds to be paid to recipient municipalities upon the report of
12 increased sales and payroll tax revenues generated within the
13 designated district. Any amounts not disbursed on an annual
14 basis must be retained in the contingent account.

16 4. Limitations. The following limitations apply.

17 A. Any major public improvement must demonstrate a direct
18 local municipal investment of not less than \$5,000,000.

20 B. Only one major public improvement in each county may be
21 designated eligible for state tax increment financing. Such
22 eligibility must be approved by the county commissioners.

24 C. No state tax increment financing district may designate
25 an aggregate amount of retained state tax revenues greater
26 than 10% of the total state tax increment contingent account
27 for major public improvements, such percentage to be applied
28 for the duration of the designation.

30 D. At no time may the aggregate liability from all state
31 tax increment financing districts for major public
32 improvements exceed \$80,000,000.

34 5. Duration of state designation. State tax increment
35 financing districts for major public improvements have a maximum
36 duration of 5 years.

38 6. Program; administration. The Finance Authority of Maine
39 shall administer a state tax increment financing for major public
40 improvements program. The authority shall adopt rules pursuant
41 to Title 5, chapter 375 for implementation of the program,
42 including but not limited to rules for determining and certifying
43 eligibility and the amount of the tax increment attributable to
44 particular districts. The authority may also establish by rule
45 fees for administration of the program.

46 Sec. A-4. Effective date. This Part takes effect 90 days after
47 approval.

2 economic growth in Maine by encouraging the construction of new
homes and to make affordable housing available to more residents
4 of this State.

6 **Sec. C-3. Effective date.** This Part takes effect 90 days after
approval.

8
10 **PART D**

12 **Sec. D-1. Commission established.** The Commission to Study
State Permitting and Reporting Requirements is established to
14 study the state permitting and reporting requirements for
businesses and to improve the regulatory process.

16 **Sec. D-2. Commission membership.** The commission consists of
the following 9 members:

18
20 1. Six members representing private industry to be
appointed jointly by the President of the Senate and the Speaker
of the House of Representatives;

22
24 2. One member of the Senate to be appointed by the
President of the Senate; and

26
28 3. Two members of the House of Representatives to be
appointed by the Speaker of the House.

30 **Sec. D-3. Appointments; meetings.** All appointments must be
made no later than 30 days following the effective date of this
32 Act. The Executive Director of the Legislative Council must be
notified by all appointing authorities once the selections have
34 been made. When the appointment of all members has been
completed, the Chair of the Legislative Council shall call and
36 convene the first meeting of the commission no later than July
15, 1991. The commission shall select a chair from among its
members.

38
40 **Sec. D-4. Duties.** The commission shall study current state
permitting and reporting requirements and determine ways to
42 reduce the time and expense associated with filing permits and
reports required by statute or rule. The commission shall study
the following:

44
46 1. The cost to business and citizens of this State of
regulatory permits and reporting requirements both in terms of
time delays and money;

48
50 2. The effect on the competitive position of businesses of
this State as a result of the regulatory environment in this
State;

2 legislative members, printing costs and
other meeting expenses.

4 LEGISLATURE
TOTAL

\$2,710

6
8

PART E

10 **Sec. E-1. Authorization of bonds to provide for the Maine Street**
Investment Program. The Treasurer of State is authorized, under
12 the direction of the Governor, to issue bonds in the name and
behalf of the State in an amount not exceeding \$25,000,000 to
14 raise funds for downtown and business district revitalization as
authorized by section E-6. The bonds are a pledge of the full
16 faith and credit of the State. The bonds may not run for a
period longer than 20 years from the date of the original issue
18 of the bonds. At the discretion of the Treasurer of State, with
the approval of the Governor, any issuance of bonds may contain a
20 call feature.

22 **Sec. E-2. Records of bonds issued to be kept by the State Auditor and**
Treasurer of State. The State Auditor shall keep an account of the
24 bonds, showing the number and amount of each, the date when
payable and the date of delivery of the bonds to the Treasurer of
26 State. The Treasurer of State shall keep an account of each bond
showing the number of the bond, the name of the successful bidder
28 to whom sold, the amount received for the bond, the date of sale
and the date when payable.

30 **Sec. E-3. Sale; how negotiated; proceeds appropriated.** The
32 Treasurer of State may negotiate the sale of the bonds by
direction of the Governor, but no bond may be loaned, pledged or
34 hypothecated on behalf of the State. The proceeds of the sale of
the bonds, which must be held by the Treasurer of State and paid
36 by the Treasurer of State upon warrants drawn by the State
Controller, are appropriated solely for the purposes set forth in
38 this Act. Any unencumbered balances remaining at the completion
of the project in section E-6 lapse to the debt service account
40 established for the retirement of these bonds.

42 **Sec. E-4. Interest and debt retirement.** The Treasurer of State
shall pay interest due or accruing on any bonds issued under this
44 Act and all sums coming due for payment of bonds at maturity.

46 **Sec. E-5. Disbursement of bond proceeds.** The proceeds of the
bonds must be expended as set out in section E-6 under the
48 direction and supervision of the Finance Authority of Maine.

