



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.

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)

Printed on recycled paper

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

Whereas, this Act establishes the Commission to Study State 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:

PART A

22 24

26

28

20

2

4

б

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

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 for improving a district:

30 <u>A. To enhance local efforts for economic or commercial</u> <u>development, or both;</u>

32 34

36

38

B. To expand employment opportunities; and

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

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

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

 46 <u>6-A. Major public improvement project. "Major public</u> 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,

L.D.1769

<u>arenas, stadiums, sports or recreational facilities, auditoriums, convention centers or other facilities that serve the visiting public.</u>

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

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

<u>§5254-A. State tax increment financing</u>

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

 2. Retained state tax revenues. On an annual basis, designated businesses within the district shall report the amount
 of new sales tax and payroll tax revenues collected and paid to 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 to 25% of the total of new payroll taxes generated by designated
 30 businesses within the district, subject to the limitations in subsection 4. The municipality shall place this state tax
 32 increment financing revenue in the development sinking fund established in accordance with section 5254, subsection 3.

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

44

4б

48

34

2

4

10

12

14

4. Limitations. The following limitations apply.

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

50

B. A business must demonstrate that the operation within a 2 tax increment financing district will have no adverse effect on other businesses in the State, nor will it create an unfair competitive advantage in relation to other businesses 4 in the State. 6 C. A state tax increment financing district may not designate an aggregate amount of retained state tax revenues 8 greater than 10% of the total state tax increment contingent account, such percentage to be applied for the duration of 10 the designation. 12 D. At no time may the aggregate liability from all state tax increment financing districts exceed \$20,000,000. 145. Duration of state designation. State tax increment 16 financing districts have a maximum duration of 10 years. 18 6. Program; administration. The Finance Authority of Maine 20 shall administer a state tax increment financing program. The authority shall adopt rules pursuant to Title 5, chapter 375 for implementation of the program, including but not limited to rules 22 for determining and certifying eligibility and the amount of the tax increment attributable to particular districts. 24 The authority may also establish by rule fees for administration of 26 the program. 28 <u>§5254-B.</u> State tax increment financing for major public improvements 30 1. Eligibility. Any duly designated tax increment financing district, in which a major public improvement is 32 developed that creates captured assessed value and that is created after the effective date of this section, is eligible to 34 be designated as a state tax increment financing district for major public improvements. Municipalities must demonstrate that 36 without the designation as a state tax increment financing 38 district for major public improvements, the new sales tax revenues will not be generated, nor will new jobs be created 40 resulting in new payroll taxes. Projections about revenues generated as a result of the major public improvement must be 42 verified and accepted by the Commissioner of Finance as the basis for the reservation of state tax increment financing for major public improvements. 44 46 2. Retained state tax revenues. The municipality, at its election, is entitled to receive up to 50% of the total of new 48 sales tax revenues and up to 50% of the total of new payroll taxes generated by businesses within the district as verified and 50 accepted by the Commissioner of Finance, subject to the

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

2

4

16

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

4. Limitations. The following limitations apply.

- A. Any major public improvement must demonstrate a direct 18 local municipal investment of not less than \$5,000,000.
- B. Only one major public improvement in each county may be designated eligible for state tax increment financing. Such eligibility must be approved by the county commissioners.
- 24 C. No state tax increment financing district may designate an aggregate amount of retained state tax revenues greater
 26 than 10% of the total state tax increment contingent account for major public improvements, such percentage to be applied
 28 for the duration of the designation.
- 30 <u>D. At no time may the aggregate liability from all state</u> tax increment financing districts for major public
 32 improvements exceed \$80,000,000.

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

 58 6. Program; administration. The Finance Authority of Maine shall administer a state tax increment financing for major public
 40 improvements program. The authority shall adopt rules pursuant to Title 5, chapter 375 for implementation of the program,
 42 including but not limited to rules for determining and certifying eligibility and the amount of the tax increment attributable to
 44 particular districts. The authority may also establish by rule fees for administration of the program.
 46

Sec. A-4. Effective date. This Part takes effect 90 days after 48 approval.

2 Sec. B-1. Appropriation. The following funds are appropriated from the General Fund to carry out the purposes of this Act. 4 6 1991-92 8 MAINE WORLD TRADE ASSOCIATION 10 Maine World Trade Association 12 All Other \$40,500 Provides one-time funding to improve trade 14 through trade projects with the Canadian 16 provinces in proximity to Maine. 18 Sec. B-2. Effective date. This Part takes effect 90 days after approval. 20 PART C 22 Sec. C-1. 30-A MRSA §4852, sub-§3, as amended by PL 1987, c. 24 104, Pt. C, §§8 and 10, is further amended to read: 26 Availability requirement. For at least 3 months after 3. the date on which any appropriation is first available for 28 expenditure, at least 50% of the proceeds of mortgage purchase bonds assisted under subsection 2 and allocated by the Maine 30 State Housing Authority for the purchase of home improvement notes for owner-occupied residential housing shall must be made 32 available for persons of low income whose adjusted income does not exceed 100% of the median family income for the State, as 34 developed by the Maine State Housing Authority from available 36 data or publications. For at least 3 months after the date on which the proceeds of mortgage purchase bonds assisted under subsection 2 and allocated by the Maine State Housing Authority 38 for the purchase of mortgage loans for owner-occupied residential housing are first made available, 30% of such proceeds must be 40 made available for mortgage loans for newly constructed 42 owner-occupied residences. Sec. C-2. Jump Start program. The 30% set-aside authorized by 44

PART B

44 Sec. C-2. Jump Start program. The 30% set-aside authorized by the Maine Revised Statutes, Title 30-A, section 4852, subsection
 46 3, must be used to fund the Jump Start program. The Maine State Housing Authority shall administer the Jump Start program. The
 48 Jump Start program is established to increase

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

2

4

8

10

16

18

22

28

38

44

48

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

PART D

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

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

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

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

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

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

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

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

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

- 2 3. The process of enacting new regulatory requirements and the recognition of the economic effects in this process;
- 4. The effect of local ordinances and the interaction of
 municipalities with state agencies on the regulatory process;
- 8 5. The effect of budget reductions on the regulatory process;
- 10

20

28

34

36

38

40

4

6. The accountability of state agency staff decisions12 within regulatory agencies; and

- Any other subject that the commission decides to be relevant to regulatory permitting and reporting requirements in this State.
- 18 Sec. D-5. Staff assistance. The commission shall request staffing assistance from the Legislative Council.
- Sec. D-6. Reimbursement. The members of the commission who are Legislators are entitled to the legislative per diem, as defined in the Maine Revised Statutes, Title 3, section 2, for each day's attendance at commission meetings. All members of the commission are entitled to expenses, as defined in Title 5, section 12002, upon application to the Executive Director of the Legislative Council for those expenses.
 - Sec. D-7. Report. The commission shall submit its report, together with any necessary implementing legislation, to the Second Regular Session of the 115th Legislature no later than December 1, 1991.
 - Sec. D-8. Appropriation. The following funds are appropriated from the General Fund to carry out the purposes of this Part.

1991-92

LEGISLATURE

42 Commission to Study State Permitting and 42 Reporting Requirements

- 44Personal Services\$660All Other2,05046Provides funding for the Commission to Study
- 48 State Permitting and Reporting Requirements, including per diem and expenses for

legislative members, printing costs and other meeting expenses.

4 LEGISLATURE TOTAL

2

б

8

22

24

26

28

30

42

44

46

48

\$2,710

PART E

10 Sec. E-1. Authorization of bonds to provide for the Maine Street Investment Program. The Treasurer of State is authorized, under the direction of the Governor, to issue bonds in the name and 12 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 faith and credit of the State. The bonds may not run for a 16 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 call feature. 20

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 bonds, showing the number and amount of each, the date when payable and the date of delivery of the bonds to the Treasurer of State. The Treasurer of State shall keep an account of each bond showing the number of the bond, the name of the successful bidder to whom sold, the amount received for the bond, the date of sale and the date when payable.

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 hypothecated on behalf of the State. The proceeds of the sale of 34 the bonds, which must be held by the Treasurer of State and paid by the Treasurer of State upon warrants drawn by the State 36 Controller, are appropriated solely for the purposes set forth in this Act. Any unencumbered balances remaining at the completion 38 of the project in section E-6 lapse to the debt service account established for the retirement of these bonds. 40

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

Sec. E-5. Disbursement of bond proceeds. The proceeds of the bonds must be expended as set out in section E-6 under the direction and supervision of the Finance Authority of Maine. Sec. E-6. Allocations from General Fund bond issue; downtown and business district revitalization. The proceeds of the sale of bonds must be expended as designated in the following schedule.

4

2

6 FINANCE AUTHORITY OF MAINE

8 Maine Street Investment Program

\$25,000,000

- 10 These funds provide for the capitalization of the Maine Street Investment Program. The
 12 program may provide loans to municipalities and grants on a matching basis for public
 14 investments in downtown districts.
- 16

20

Sec. E-7. Contingent upon ratification of bond issue. Sections E-1 18 to E-6 do not become effective unless the people of the State have ratified the issuance of bonds as set forth in this Act.

Sec. E-8. Appropriation balances at year end. At the end of each fiscal year, all unencumbered appropriation balances representing state money carry forward. Bond proceeds that have not been expended within 10 years after the date of the sale of the bonds lapse to General Fund debt service.

26

Sec. E-9. Bonds authorized but not issued. Any bonds authorized but not issued, or for which bond anticipation notes are not issued within 5 years of ratification of this Act, are deauthorized and may not be issued; except that the Legislature may, within 2 years after the expiration of that 5-year period, extend the period for issuing any remaining unissued bonds or bond anticipation notes for an additional amount of time not to exceed 5 years.

36 Sec. E-10. Referendum for ratification; submission at statewide election; form of question; effective date. This Act must be submitted 38 to the legal voters of the State of Maine at a statewide election held on the Tuesday following the first Monday of November 40 following passage of this Act. The municipal officers of this State shall notify the inhabitants of their respective cities, 42 towns and plantations to meet, in the manner prescribed by law for holding a statewide election, to vote on the acceptance or 44 rejection of this Act by voting on the following question:

46

"Do you favor a \$25,000,000 bond issue for downtown and business district revitalization?"

The legal voters of each city, town and plantation shall vote by ballot on this question and designate their choice by a cross or check mark placed within a corresponding square below the word "Yes" or "No." The ballots must be received, sorted, counted and declared in open ward, town and plantation meetings and returns made to the Secretary of State in the same manner as votes for members of the Legislature. The Governor shall review the returns and, if a majority of the legal votes are cast in favor of the Act, the Governor shall proclaim the result without delay, and the Act becomes effective 30 days after the date of the proclamation.

The Secretary of State shall prepare and furnish to each city, town and plantation all ballots, returns and copies of this
 Act necessary to carry out the purpose of this referendum.

PART F

Sec. F-1. 10 MRSA §1026-I is enacted to read:

<u>§1026-I. Maine Street Investment Program</u>

2

4

6

8

10

12

18

20

22

24

2.6

28

34

36

38

40

42

44

46

The Maine Street Investment Program is established to provide grants to municipalities for the purpose of revitalizing downtown areas and business districts.

 Bligibility for grants. Municipalities may apply to the Finance Authority of Maine for grants under the Maine Street Investment Program if the application, signed by an authorized municipal official, states that the municipality has satisfied the following eligibility requirements.

A. The municipality has \$3 of private funding commitments for each \$1 of grant funds.

2. Use of grants. Grants paid to municipalities under this section may be used for, but not limited to, the following:

- A. Public infrastructure improvements such as parking facilities, acquisition and demolition of sites, street improvements and waste disposal improvements; and
- B. Low-interest loans for 2nd mortgages for private developers.

 48 3. Rulemaking. The Finance Authority of Maine may establish rules for the implementation of this section including
 50 the establishment of fees for the administration of this program. Sec. F-2. Effective date. Part F does not take effect unless the bonds authorized in Part E of this Act are approved by the voters.

Emergency clause. In view of the emergency cited in the preamble, this Act takes effect when approved except as otherwise indicated.

STATEMENT OF FACT

10 12

14

16

18

20

24

26

28

30

32

34

36

2

4

6

8

This bill accomplishes the following.

Part A expands the state tax increment financing program to include state income and sales taxes. A portion of the state taxes that would not have been generated but for the additional funding provided by this Part are returned to private industry and municipalities. This program will be administered by the Finance Authority of Maine.

Part B provides a General Fund appropriation of \$40,000 to 22 the Maine World Trade Association to improve trade with the Canadian provinces in proximity to Maine.

Part C establishes the Jump Start program at the Maine State Housing Authority that sets aside existing funds for the purchase of newly constructed homes.

Part D establishes the Commission to Study State Permitting and Reporting Requirements, which will study the State's regulatory process and recommend improvements.

Parts E and F authorize a \$25,000,000 General Fund bond issue to capitalize the Maine Street Investment Program within the Finance Authority of Maine to encourage improvements to the State's downtown and business districts.

> Page 11-LR0800(1) L.D.1769