

MAINE STATE LEGISLATURE

The following document is provided by the
LAW AND LEGISLATIVE DIGITAL LIBRARY
at the Maine State Law and Legislative Reference Library
<http://legislature.maine.gov/lawlib>



Reproduced from scanned originals with text recognition applied
(searchable text may contain some errors and/or omissions)

WMS
RHS

DATE: 4-29-97

(Filing No. H-263)

2
4
6
8
10
12
14
16
18
20
22
24
26
28
30
32
34
36
38
40
42
44
46

TAXATION

Reproduced and distributed under the direction of the Clerk of the House.

**STATE OF MAINE
HOUSE OF REPRESENTATIVES
118TH LEGISLATURE
FIRST SPECIAL SESSION**

COMMITTEE AMENDMENT "A" to H.P. 223, L.D. 287, Bill, "An Act to Improve the Administration of Tax Increment Financing"

Amend the bill by inserting after the title and before the enacting clause the following:

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

Whereas, the provisions of the Maine Revised Statutes, Title 30-A, chapter 207 relating to municipal and state tax increment financing districts are of vital importance to the economic development of the State; and

Whereas, certain amendments and clarifications to Title 30-A, chapter 207 are necessary to effectuate the legislative intent; and

Whereas, unless this legislation is effective immediately, the effectiveness of these provisions as an incentive for economic development will be impaired to the detriment of the State and its people; and

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

COMMITTEE AMENDMENT

R. 9/8

COMMITTEE AMENDMENT "A" to H.P. 223, L.D. 287

2 Further amend the bill by inserting after section 2 the
following:

4 'Sec. 3. 30-A, §5254, sub-§3, as amended by PL 1991, c. 856, §4,
6 is further amended to read:

8 3. **Development program fund; tax increment revenues.** If a
municipality has elected to retain all or a percentage of the
10 retained captured assessed value under subsection 1, the
municipality shall:

12 A. Establish a development program fund that consists of
14 the following:

16 (1) A development sinking fund account that is pledged
to and charged with the payment of the interest and
18 principal as the interest and principal fall due and
the necessary charges of paying interest and principal
20 on any notes, bonds or other evidences of indebtedness
that were issued to fund or refund the cost of the
22 development program fund; and

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

28 B. Annually set aside all tax increment revenues on
30 retained captured assessed values and all state tax
increment revenues payable to the municipality for public
32 purposes and deposit all such revenues to the appropriate
development program fund account in the following priority:

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

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

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

COMMITTEE AMENDMENT

R. of S.

COMMITTEE AMENDMENT "A" to H.P. 223, L.D. 287

2 D. Annually return to the municipal general fund any tax
 4 increment revenues remaining in the development sinking fund
 6 account in excess of those estimated to be required to
 8 satisfy the obligations of the development sinking fund
 10 account after taking into account any transfers permitted by
 12 paragraph C. The municipality, at any time during the term
 14 of the district, by vote of the municipal officers, may
 16 return to the municipal general fund any tax increment
revenues remaining in the project cost account in excess of
those estimated to be required to satisfy the obligations of
the development project cost account after taking into
account any transfer permitted by paragraph C. In either
case the corresponding amount of local valuation may not be
included as part of the retained captured assessed value as
specified by the municipality.

18 Notwithstanding the provisions of section 5253, subsection 1,
 20 paragraph F and any other provision of law, in the case of
 22 investments exceeding \$100,000,000 in shipyard facilities in
 24 districts authorized prior to June 30, 1999, revenues must be set
 26 aside and deposited by the municipality to the appropriate
 28 development program fund account and expended to satisfy the
 30 obligations of the accounts without the need for further action
 32 by the municipality by appropriation or otherwise. Unless
 34 otherwise provided by the municipality in connection with its
approval of the district, tax increment revenues on all captured
assessed value may not be taken into account for purposes of
calculating any limitation on the municipality's annual
expenditures or appropriations and the payment of tax increment
revenues on captured assessed value is not subject to any
limitation or restriction on the municipality's authority or
power to enter into contracts with respect to making payments for
a term equal to the term of the district.

36 **Sec. 4. 30-A MRS §5254-A, sub-§2, ¶A,** as amended by PL 1993,
 38 c. 429, §3, is further amended to read:

40 A. On or before April 15th of each year, designated
 42 businesses located within a state tax increment financing
 44 district shall report the amount of sales tax paid in
 46 connection with operations within the district, the number
 of employees within the district, the state income taxes
 withheld from employees within the district for the
 immediately preceding calendar year and any further
 information the committee may reasonably require.

COMMITTEE AMENDMENT

R. of S.

COMMITTEE AMENDMENT "A" to H.P. 223, L.D. 287

2 On or before June 30th of each year, the committee shall
determine the state tax increment of a district for the
preceding calendar year.

4
6 **Sec. 5. 30-A MRSA §5254-A, sub-§3-A, ¶¶A and B,** as enacted by
PL 1991, c. 856, §5, are amended to read:

8 A. The amount of retained state tax increment revenues paid
to a municipality may not exceed the amount of tax increment
10 revenues generated by the municipality pursuant to section
5254, subsection 3 and actually required to satisfy--the
12 ~~estimated obligations of the~~ be deposited in a development
sinking program fund account; and

14
16 B. All retained state tax increment revenues not actually
required to satisfy the estimated obligations of the
development sinking program fund account revert to the State.

18
20 **Emergency clause.** In view of the emergency cited in the
preamble, this Act takes effect when approved.'

22
24 **SUMMARY**

26 With respect to municipal tax increment financing districts,
this amendment provides that deposit and expenditure of tax
increment funds retained to fund the development program do not
28 require further action by the municipality by way of
appropriation or otherwise, are not considered in calculating any
30 maximum increase in municipal appropriations imposed by any state
or local law and are not subject to any limitation or restriction
32 on the municipality's power or authority to enter into contracts
with respect to such deposit and expenditures imposed by any
34 state or local law. It also specifies that any municipality tax
increment revenues in excess of those necessary to satisfy the
36 estimated obligations of the development program project cost
account may be returned to the municipality's general fund upon
38 vote of the municipal officers. An amount returned may not be
included in retained captured assessed value specified by the
40 municipality.

42 With respect to state tax increment financing districts,
this amendment further clarifies that the reporting requirements
44 regarding sales taxes paid, number of employees and state income
taxes withheld apply to those items within the state tax
46 increment financing district, making the reporting requirements
consistent with the definition of gross state tax increment in
48 the Maine Revised Statutes, Title 30-A, section 5252, subsection
5-A. This amendment also eliminates the inconsistency between
50 section 5254-A, subsection 3-A and section 5254-A, subsection 4,

COMMITTEE AMENDMENT

R. 4/8

COMMITTEE AMENDMENT "A" to H.P. 223, L.D. 287

2 paragraph G, clarifies that state tax increment revenues received
by a municipality for a particular project may not exceed the
4 amount of municipal tax increment revenues required to be
deposited in the applicable development program fund accounts and
6 provides that state tax increment revenues in excess of those
needed to satisfy the estimated obligations of the program
development fund accounts revert to the State.

8
10 This amendment also adds an emergency preamble and emergency
clause to the bill.

COMMITTEE AMENDMENT