

# MAINE STATE LEGISLATURE

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# 119th MAINE LEGISLATURE

## SECOND REGULAR SESSION-2000

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Legislative Document

No. 2391

S.P. 941

In Senate, January 12, 2000

**An Act to Simplify the Approval Process of Existing State Tax  
Increment Financing Districts.**

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Submitted by the State Planning Office pursuant to Joint Rule 204.  
Reference to the Committee on Taxation suggested and ordered printed.

A handwritten signature in cursive script that reads "Joy J. O'Brien".

JOY J. O'BRIEN  
Secretary of the Senate

Presented by Senator RUHLIN of Penobscot.  
Cosponsored by Representative: LEMONT of Kittery.

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

2  
3       **Sec. 1. 30-A MRSA §5254-A, sub-§1-A, ¶C,** as amended by PL  
4 1993, c. 429, §2, is further amended to read:

6       C. Prior to approval of the proposed state tax increment  
7 financing district, the committee shall estimate the annual  
8 amount to be deposited in the state tax increment contingent  
9 account for all existing state tax increment financing  
10 districts, including the proposed district, and that  
11 estimate may be used only in determining compliance with the  
12 limitations imposed under subsection 4, paragraphs D and E.  
13 ~~The committee shall project for 2 calendar years immediately~~  
14 ~~subsequent to retail activity commencing in a state tax~~  
15 ~~increment financing district the level of income and sales~~  
16 ~~tax collections for a market area assuming the absence of~~  
17 ~~the state tax increment financing district. After the~~  
18 ~~initial projection, the committee must every 2 years project~~  
19 ~~the level of income and sales tax collections for a market~~  
20 ~~area assuming the absence of the state tax increment~~  
21 ~~financing district. The committee shall determine a market~~  
22 ~~area and every 2 years update that determination as retail~~  
23 ~~activity develops in the state tax increment financing~~  
24 ~~district and market area.~~

26       **Sec. 2. 30-A MRSA §5254-A, sub-§2, ¶A,** as amended by PL 1997,  
27 c. 220, §4, is further amended to read:

28       A. On or before April 15th of each year, designated  
29 businesses located within a state tax increment financing  
30 district shall report the amount of sales tax paid in  
31 connection with operations within the district, the number  
32 of employees within the district, the state income taxes  
33 withheld from employees within the district for the  
34 immediately preceding calendar year and any further  
35 information the committee State Tax Assessor may reasonably  
36 require.

37       On or before June 30th of each year, the committee State Tax  
38 Assessor shall determine the state tax increment of a  
39 district for the preceding calendar year.

40       **Sec. 3. 30-A MRSA §5254-A, sub-§2-A,** as repealed and replaced  
41 by PL 1993, c. 429, §4, is amended to read:

42       **2-A. Calculation of state tax increment.** The committee  
43 State Tax Assessor shall calculate a state tax increment for a  
44 particular district by:  
45  
46  
47  
48

2 A. Determining the gross state tax increment as applicable  
to the particular district;

4 B. Determining the state tax increment as applicable to the  
particular district by removing from the gross state tax  
6 increment the following:

8 (1) Revenues attributed to business activity shifted  
from affiliated businesses to the state tax increment  
10 financing district. This adjustment is calculated by  
comparing the current year's sales and income tax  
12 revenues for each designated business that is a member  
of an affiliated group with revenues for the group as a  
14 whole. If the growth in sales and income tax revenue  
for the entire group exceeds the growth of sales and  
16 income tax revenue generated by the designated  
business, the gross state tax increment does not have  
18 to be adjusted to remove business activity shifted from  
affiliated businesses. If the growth in sales and  
20 income tax revenue for the affiliated group is less  
than the growth in sales and income tax revenue for the  
22 designated business, the difference is presumed to have  
been shifted from affiliated businesses to the  
24 designated business and the gross state tax increment  
for the district is reduced by the difference; and

26 ~~(2)---Revenues---attributed---to---retail---spending---shifts---  
Actual---sales---tax---collections---within---the---market---area  
28 during---the---current---year---must---be---compared---to---the  
committee's---projected---level---of---sales---tax---collections  
30 within---the---market---area---for---the---current---year---assuming  
the---absence---of---the---state---tax---increment---financing  
32 district.---If---actual---sales---tax---collections---within---the  
34 market---area---are---less---than---projected---sales---tax  
collections---within---the---market---area,---the---difference---is  
36 presumed---to---be---shifts---in---retail---spending---and---the---total  
sales---tax---collection---within---the---state---tax---increment  
38 financing---district---is---reduced---by---the---difference,---and~~

40 (3) Revenues attributed to normal growth. This  
adjustment is calculated by subtracting from the gross  
42 state tax increment a figure obtained by multiplying  
the previous year's total amount of sales taxes  
44 reported and income taxes withheld by designated  
businesses within the district by the percentage change  
46 in sales tax receipts and withholding taxes for all  
businesses within the State as a whole;

48 C. Offsetting designated businesses with negative tax  
50 increments with those with positive increments in

2 determining the state tax increment for the district as a  
whole; and

4 D. Excluding all income tax revenue in calculating the  
state tax increment attributable to retail business  
6 operations.

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### SUMMARY

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12 This bill repeals obsolete language pertaining to retail  
store activities in the state tax increment financing district  
law. This bill also simplifies the approval of the existing  
14 projects under the state tax increment financing district laws by  
requiring future approvals and determinations to be made by the  
16 State Tax Assessor rather than by the Revenue Forecasting  
Committee.

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