

MAINE STATE LEGISLATURE

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MAJORITY TAXATION

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STATE OF MAINE HOUSE OF REPRESENTATIVES 119TH LEGISLATURE SECOND REGULAR SESSION

COMMITTEE AMENDMENT "A" to H.P. 1739, L.D. 2445, Bill, "An Act to Amend the Laws Governing Municipal Tax Increment Financing to Encourage Downtown Investment"

Amend the bill by inserting after section 2 the following:

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

B. For a development program for a tax increment financing district, the statement must also include:

(1) Estimates of captured increased assessed values of the district;

(2) The portion of the captured increased assessed values to be applied to the development program as captured assessed values and resulting tax increments in each year of the program; and

(3) A statement of the estimated impact of tax increments financing on all taxing jurisdictions in which the district is located.'

Further amend the bill by inserting at the end before the summary the following:

'Sec. 8. 30-A MRSA §5254, sub-§1, as amended by PL 1991, c. 431, §7, is further amended to read:

1. Captured assessed value. The municipality may retain all or part of the tax increment generated from the increased assessed value of a tax increment financing district for the

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2 purpose of financing the development program. The amount of tax
3 increment to be retained is determined by designating the amount
4 of captured assessed value to be retained. When a development
5 program for a tax increment financing district is adopted, the
6 municipal legislative body shall adopt a statement of the
7 percentage of captured increased assessed value to be retained as
8 captured assessed value in accordance with the development
9 program. The statement of percentage may establish a specific
10 percentage or percentages or may describe a method or formula for
11 determination of the percentage. The municipal assessor shall
12 certify the amount of the captured assessed value to the
13 municipality each year.

14 **Sec. 9. 30-A MRSA §5254, sub-§3**, as amended by PL 1997, c.
15 220, §3, is further amended to read:

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

22 A. Establish a development program fund that consists of
23 the following:

24 (1) A development sinking fund account that is pledged
25 to and charged with the payment of the interest and
26 principal as the interest and principal fall due and
27 the necessary charges of paying interest and principal
28 on any notes, bonds or other evidences of indebtedness
29 that were issued to fund or refund the cost of the
30 development program fund; and

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

38 B. Annually set aside all tax increment revenues on
39 ~~retained~~ captured assessed values and all state tax
40 increment revenues payable to the municipality for public
41 purposes and deposit all such revenues to the appropriate
42 development program fund account in the following priority:

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

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

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

D. Annually return to the municipal general fund any tax increment revenues remaining in the development sinking fund account in excess of those estimated to be required to satisfy the obligations of the development sinking fund account after taking into account any transfers permitted by paragraph C. The municipality, at any time during the term of the district, by vote of the municipal officers, may 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.

Notwithstanding the provisions of section 5253, subsection 1, paragraph F and any other provision of law, in the case of investments exceeding \$100,000,000 in shipyard facilities in districts authorized prior to June 30, 1999, revenues must be set aside and deposited by the municipality to the appropriate development program fund account and expended to satisfy the obligations of the accounts without the need for further action by the municipality by appropriation or otherwise. Unless 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.'

Further amend the bill by relettering or renumbering any nonconsecutive Part letter or section number to read consecutively.

2 Further amend the bill by inserting at the end before the
summary the following:

4
6 **FISCAL NOTE**

8 This bill expands municipal tax increment financing and may
increase the amount of property valuation that is not included in
10 the state valuation. This expansion will not impact aggregate
distributions of General Purpose Aid for Local Schools and
12 state-municipal revenue sharing, but may affect the distribution
of these funds among municipalities.

14 The Department of Transportation and the State Planning
Office will incur some minor additional costs to review proposals
16 and provide advice to the Department of Economic and Community
Development for downtown development districts. These costs can
18 be absorbed within these agencies existing budgeted resources.'

20
22 **SUMMARY**

24 This amendment makes changes to the tax increment financing
laws that are necessary to accommodate the change in the original
bill in the definition of "captured assessed value."

26 The amendment also adds a fiscal note to the bill.