

MAINE STATE LEGISLATURE

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120th MAINE LEGISLATURE

FIRST REGULAR SESSION-2001

Legislative Document

No. 562

H.P. 441

House of Representatives, February 6, 2001

An Act to Allow Municipalities to Create Capital Improvement Districts.

Reference to the Committee on State and Local Government suggested and ordered printed.

Millicent M. MacFarland

MILLICENT M. MacFARLAND, Clerk

Presented by Representative ANDREWS of York.
Cosponsored by Senator LEMONT of York and
Representative WHEELER of Eliot.

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

4 **Sec. 1. 30-A MRSA c. 206** is enacted to read:

6 **CHAPTER 206**

8 **MUNICIPAL CAPITAL IMPROVEMENT DISTRICTS**

10 **§5221. Definitions**

12 As used in this chapter, unless the context otherwise indicates, the following terms have the following meanings.

14 1. **Assessed share.** "Assessed share" means that portion of the total cost of an improvement undertaken by the municipality in the district that is owed by an owner of property abutting or within the capital improvement district.

18 2. **Capital improvement district.** "Capital improvement district" or "district" means a defined area within a municipality that has been so designated by the municipal officers pursuant to the provisions of this chapter.

20 3. **Improvement.** "Improvement" means a public improvement project typically funded by municipalities or State Government, including, but not limited to, roads, sewer, water, parks and drainage projects.

24 **§5222. Capital improvement districts authorized**

26 Pursuant to the provisions of this chapter, a municipality may create one or more capital improvement districts within defined areas of the municipality for the purpose of making infrastructure improvements that primarily serve the property owners of that district.

28 **§5223. Capital improvement districts; public hearing; notice; referendum vote**

30 In establishing a capital improvement district, a municipality shall adhere to the following procedures.

32 1. **Public hearing.** The municipal officers shall hold an initial public hearing on the proposed capital improvement district to solicit comments from the property owners in the proposed district and from property owners abutting the district concerning the proposed borders of the district and the need for proposed improvements. The municipal officers may hold additional public hearings as necessary.

2 **2. Public notice.** The municipal officers shall give notice
2 to all property owners within or abutting the proposed district
4 at least 14 days in advance of the date of the initial public
4 hearing. The notice to property owners must be by certified
6 mail. Municipal officers also shall give notice of the initial
6 public hearing in a newspaper of general circulation at least 14
8 days in advance of the public hearing. The notice of public
8 hearing must include the estimated cost of the proposed
10 improvement, the estimated cost of the improvement to each
10 property owner in or abutting the district and the specific
12 boundaries of the proposed district. Notice for any additional
12 public hearings must be given in the same manner as notice for
14 the initial public hearing.

16 **3. Referendum.** Following the initial public hearing, the
16 municipal officers may conduct a referendum among the property
18 owners of the district and abutting the district to determine
18 support for creating the district and, by implication, support
20 for the proposed abutting improvements. The municipal officers
20 shall design an election process that allows each property owner
22 within or abutting the district a vote. The municipal officers
22 may not proceed with the creation of the district unless a
24 majority of the property owners within or abutting the proposed
24 district votes to establish the district. The election process
26 designed by the municipal officers may require a 2/3-majority
26 vote to establish the district.

28 **4. Officers' approval.** Following the vote by property
28 owners to establish a capital improvement district pursuant to
30 subsection 3, a majority of the municipal officers must approve
30 the creation of the district before the district may be
32 established.

34 **§5224. District governance; boundaries of district; maintenance**
36 **of improvement; costs of improvement**

38 For each capital improvement district created, the following
38 are required.

40 **1. Governance.** For the purposes of conducting the business
40 for which the district was created, the municipal officers shall
42 serve as the governing board of the district. The municipal
42 officers shall appoint an advisory committee consisting of no
44 fewer than 3 and no more than 7 property owners within or
44 abutting the district for the purposes of receiving comments and
46 recommendations on the proposed improvement or improvements
46 within the district. Advisory committee members serve at the
48 pleasure of the municipal officers.

2 2. Boundaries. Boundaries of the district must be
3 specifically defined and must be limited to the defined area in
4 which the improvements are to be undertaken. The boundaries as
5 proposed by municipal officers prior to the referendum vote to
6 authorize the district may not be amended except by additional
7 referendum as provided in section 5222, subsection 3 among the
8 property owners within or abutting the district as proposed to be
9 amended and a majority vote in favor of the amended boundaries by
10 the municipal officers as provided in section 5223, subsection 4.

11 3. Cost of improvement. The cost of an improvement in a
12 capital improvement district is borne by the municipal government
13 or special district pursuant to subsection 4 until the
14 improvement is complete. The municipal government or special
15 district shall then assess each property owner in or abutting the
16 district the property owner's share of the cost of the
17 improvement in an amount that does not exceed the entire cost of
18 constructing the improvement. The assessed share may be payable
19 in one year or may be prorated over a period not to exceed 10
20 years at an interest rate established by the municipal officers
21 and in accordance with the provisions of Title 36, chapter 7.
22 The amount assessed property owners must be reasonable.

23 4. Maintenance of improvement. Upon completion of the
24 improvement or improvements authorized by creation of the
25 district, the improvement becomes the responsibility of the
26 municipal government or of a special district established for the
27 purposes of providing water, sewer, electric, educational,
28 health, transportation, solid waste management, parking or
29 recreation services or for any other public purpose. The
30 municipal officers may assess the cost of maintaining or
31 repairing an improvement against property owners in or abutting
32 the district in an amount not to exceed the cost of maintaining
33 or repairing the improvement. The amount assessed property owners
34 must be reasonable.

35 5. Annual report. The municipal officers shall report at
36 least annually to the property owners within and abutting the
37 district on the improvements within the district.

38 §5225. Dissolution of capital improvement district

39 A district created under this chapter may not be dissolved
40 until the debt created by the improvement is finally discharged.
41 The municipal officers may dissolve a district upon certification
42 of the discharge of debt.

SUMMARY

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4 This bill authorizes municipalities to create a capital
improvement district for the purpose of making an infrastructure
6 improvement that primarily serves the property owners of the
district. The bill establishes the process for creating and
operating the district. It also establishes the process for
8 assessing costs of the improvement.