

# MAINE STATE LEGISLATURE

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# 125th MAINE LEGISLATURE

## FIRST REGULAR SESSION-2011

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**Legislative Document**

**No. 823**

H.P. 619

House of Representatives, March 3, 2011

### **An Act To Amend the Law Governing Tax Increment Financing Districts**

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Reference to the Committee on Taxation suggested and ordered printed.

A handwritten signature in cursive script, reading "Heather J.R. Priest".

HEATHER J.R. PRIEST  
Clerk

Presented by Representative ROCHELO of Biddeford.  
Cosponsored by Senator HOBBS of York and  
Representatives: BEAUDOIN of Biddeford, BERRY of Bowdoinham, CASAVANT of  
Biddeford, FLEMINGS of Bar Harbor, HARLOW of Portland, Senators: COURTNEY of  
York, HASTINGS of Oxford.

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

2               **Sec. 1. 30-A MRSA §5222, sub-§13**, as enacted by PL 2001, c. 669, §1, is  
3 amended to read:

4               **13. Original assessed value.** "Original assessed value" means the taxable assessed  
5 value of a development district as of March 31st of the tax year preceding the year in  
6 which it was designated.

7               **Sec. 2. 30-A MRSA §5223, sub-§3, ¶D**, as amended by PL 2007, c. 693, §3 and  
8 affected by §37, is further amended to read:

9               D. The aggregate value of municipal general obligation indebtedness financed by the  
10 proceeds from tax increment financing districts within any county may not exceed  
11 \$50,000,000 adjusted by a factor equal to the percentage change in the United States  
12 Bureau of Labor Statistics Consumer Price Index, United States City Average from  
13 January 1, 1996 to the date of calculation.

14               (1) The commissioner may adopt rules necessary to allocate or apportion the  
15 designation of captured assessed value of property within proposed tax increment  
16 financing districts to permit compliance with the condition in this paragraph.  
17 Rules adopted pursuant to this paragraph are routine technical rules as defined in  
18 Title 5, chapter 375, subchapter 2-A.

19               ~~(2) The acquisition, construction and installment of all real and personal property~~  
20 ~~improvements, buildings, structures, fixtures and equipment included within the~~  
21 ~~development program and financed through municipal bonded indebtedness must~~  
22 ~~be completed within 5 years of the commissioner's approval of the designation of~~  
23 ~~the tax increment financing district.~~

24               **Sec. 3. 30-A MRSA §5225, sub-§1, ¶C**, as amended by PL 2009, c. 314, §11, is  
25 further amended to read:

26               C. Costs related to economic development, environmental improvements or  
27 employment training within the municipality, including, but not limited to:

28               (1) Costs of funding economic development programs or events developed by  
29 the municipality or funding the marketing of the municipality as a business or  
30 arts location;

31               (2) Costs of funding environmental improvement projects developed by the  
32 municipality for commercial or arts district use or related to such activities;

33               (3) Funding to establish permanent economic development revolving loan funds  
34 ~~or~~ investment funds or grants;

35               (4) Costs of services and equipment to provide skills development and training  
36 ~~for residents of the municipality~~. These costs may not exceed 20% of the total  
37 project costs and must be designated as training funds in the development  
38 program;

(5) Quality child care costs, including finance costs and construction, staffing, training, certification and accreditation costs related to child care;

(6) Costs relating to planning, design, construction, maintenance, grooming and improvements to new or existing recreational trails determined by the department to have significant potential to promote economic development, including bridges that are part of the trail corridor, used all or in part for all-terrain vehicles, snowmobiles, hiking, bicycling, cross-country skiing or other related multiple uses; and

(7) Costs associated with a new or expanded transit service, limited to:

(a) Transit service capital costs, including but not limited to: transit vehicles such as buses, ferries, vans, rail conveyances and related equipment; bus shelters and other transit-related structures; and benches, signs and other transit-related infrastructure; and

(b) In the case of transit-oriented development districts, ongoing costs of adding to an existing transit system or creating a new transit service and limited strictly to transit operator salaries, transit vehicle fuel and transit vehicle parts replacements; and

**Sec. 4. 30-A MRSA §5231**, as enacted by PL 2001, c. 669, §1, is amended to read:

**§5231. Bond financing**

The legislative body of a municipality may authorize, issue and sell bonds, including, but not limited to, general obligation or revenue bonds or notes, that mature within ~~20~~ 30 years from the date of issue to finance all project costs needed to carry out the development program within the development district. The municipal officers authorized to issue the bonds or notes may borrow money in anticipation of the sale of the bonds for a period of up to 3 years by issuing temporary notes and notes in renewal of the bonds. All revenues derived under section 5227 or under section 5228, subsection 1 received by the municipality are pledged for the payment of the activities described in the development program and used to reduce or cancel the taxes that may otherwise be required to be expended for that purpose. The notes, bonds or other forms of financing may not be included when computing the municipality's net debt. Nothing in this section restricts the ability of the municipality to raise revenue for the payment of project costs in any manner otherwise authorized by law.

**SUMMARY**

This bill changes the definition of "original assessed value" related to municipal development districts from the "assessed value" of the district to the "taxable assessed value" of the district. The bill repeals the requirement that a project financed through municipal bonded indebtedness must be completed within 5 years of the commissioner's approval of the designation of the tax increment financing district. It allows municipalities that choose to use tax increment financing to cover costs related to economic development to use the funds for grants in addition to revolving loan funds and

1 investment funds. It increases the maturity date on the bonds that a municipality may  
2 authorize to finance project costs from 20 to 30 years from the date of issuance.