

MAINE STATE LEGISLATURE

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Date: 5/17/13

L.D. 563
(Filing No. H-193)

TAXATION

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**STATE OF MAINE
HOUSE OF REPRESENTATIVES
126TH LEGISLATURE
FIRST REGULAR SESSION**

COMMITTEE AMENDMENT "A" to H.P. 382, L.D. 563, Bill, "An Act To Clarify Tax Increment Financing"

Amend the bill by striking out everything after the enacting clause and before the summary and inserting the following:

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

13. Original assessed value. "Original assessed value" means the assessed value of a development district as of March 31st of the tax year preceding the year in which it was designated and, for development districts designated on or after April 1, 2014, "original assessed value" means the taxable assessed value of a development district as of March 31st of the tax year preceding the year in which it was designated by the legislative body of a municipality or a plantation.

Sec. 2. 30-A MRSA §5223, sub-§3, as amended by PL 2011, c. 675, §2 and c. 691, Pt. A, §31, is further amended to read:

3. Conditions for approval. Designation of a development district is subject to the following conditions.

A. At least 25%, by area, of the real property within a development district must meet at least one of the following criteria:

- (1) Must be a blighted area;
- (2) Must be in need of rehabilitation, redevelopment or conservation work including a fisheries and wildlife or marine resources project; or
- (3) Must be suitable for commercial or arts district uses.

B. The total area of a single development district may not exceed 2% of the total acreage of the municipality or plantation. The total area of all development districts may not exceed 5% of the total acreage of the municipality or plantation.

C. The original assessed value of a proposed tax increment financing district plus the original assessed value of all existing tax increment financing districts within the municipality or plantation may not exceed 5% of the total value of taxable property within the municipality or plantation as of April 1st preceding the date of the commissioner's approval of the designation of the proposed tax increment financing district.

Excluded from the calculation in this paragraph is any district excluded from the calculation under former section 5253, subsection 1, paragraph C and any district designated on or after the effective date of this chapter that meets the following criteria:

- (1) The development program contains project costs, authorized by section 5225, subsection 1, paragraph A, that exceed \$10,000,000;
- (2) The geographic area consists entirely of contiguous property owned by a single taxpayer;
- (3) The assessed value exceeds 10% of the total value of taxable property within the municipality or plantation; and
- (4) The development program does not contain project costs authorized by section 5225, subsection 1, paragraph C.

For the purpose of this paragraph, "contiguous property" includes a parcel or parcels of land divided by a road, power line or right-of-way.

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

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

~~(2) The acquisition, construction and installment of all real and personal property improvements, buildings, structures, fixtures and equipment included within the development program and financed through municipal or plantation bonded indebtedness must be completed within 8 years of the commissioner's approval of the designation of the tax increment financing district.~~

The conditions in paragraphs A to ~~D~~ C do not apply to approved downtown tax increment financing districts, tax increment financing districts that consist solely of one or more community wind power generation facilities owned by a community wind power generator that has been certified by the Public Utilities Commission pursuant to Title 35-A, section 3403, subsection 3 or transit-oriented development districts.

1 **Sec. 3. 30-A MRSA §5224, sub-§2, ¶H**, as enacted by PL 2001, c. 669, §1, is
2 amended to read:

3 H. The duration of the ~~program development district~~, which may not exceed a total
4 of 30 tax years from the date of designation of the district beginning with the tax year
5 in which the designation of the development district is effective pursuant to section
6 5226 or, if specified in the development program, the subsequent tax year; and

7 **Sec. 4. 30-A MRSA §5225, sub-§1, ¶C**, as repealed and replaced by PL 2011, c.
8 675, §3, is amended to read:

9 C. Costs related to economic development, environmental improvements, fisheries
10 and wildlife or marine resources projects, recreational trails or employment training
11 within the municipality or plantation, including, but not limited to:

12 (1) Costs of funding economic development programs or events developed by
13 the municipality or plantation or funding the marketing of the municipality or
14 plantation as a business or arts location;

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

18 (3) Funding to establish permanent economic development revolving loan funds
19 ~~or~~, investment funds and grants;

20 (4) Costs of services and equipment to provide skills development and training
21 ~~for residents of, including scholarships to in-state educational institutions or to~~
22 online learning entities when in-state options are not available, for jobs created or
23 retained in the municipality or plantation. These costs ~~may not exceed 20% of~~
24 ~~the total project costs and~~ must be designated as training funds in the
25 development program;

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

28 (6) Costs associated with new or existing recreational trails determined by the
29 department to have significant potential to promote economic development,
30 including, but not limited to, costs for multiple projects and project phases that
31 may include planning, design, construction, maintenance, grooming and
32 improvements with respect to new or existing recreational trails, which may
33 include bridges that are part of the trail corridor, used all or in part for all-terrain
34 vehicles, snowmobiles, hiking, bicycling, cross-country skiing or other related
35 multiple uses;

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

37 (a) Transit service capital costs, including but not limited to: transit vehicles
38 such as buses, ferries, vans, rail conveyances and related equipment; bus
39 shelters and other transit-related structures; and benches, signs and other
40 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

(8) Costs associated with the development of fisheries and wildlife or marine resources projects; and

Sec. 5. 30-A MRSA §5226, sub-§3, as amended by PL 2011, c. 101, §17, is further amended to read:

3. Effective date. A designation of a tax increment financing district or a development program for a tax increment financing district is effective upon approval by the commissioner. A designation of a development district other than a tax increment financing district is effective upon approval by the municipal or plantation legislative body. A development program other than a development program for a tax increment financing district is effective upon adoption by the municipal or plantation legislative body.

Sec. 6. 30-A MRSA §5231, as amended by PL 2011, c. 101, §24, is further amended to read:

§5231. Bond financing

The legislative body of a municipality or plantation 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 plantation or 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 or plantation 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 or plantation's net debt. Nothing in this section restricts the ability of the municipality or plantation to raise revenue for the payment of project costs in any manner otherwise authorized by law.'

SUMMARY

This amendment replaces the bill and changes it as follows.

1. It provides that the municipal vote provides the date for determining the original assessed value for development districts and allows flexibility in the review and approval timing by the Department of Economic and Community Development.

2. It retains language pertaining to a statutory cap on areas that may be included in a development district to maintain an exclusion that exists in current law.

1 3. It clarifies the 30-tax-year permissible duration of a development program related
2 to a tax increment financing district and ties the start of the 30-year period to the date the
3 municipality or plantation begins the operational function of the development program.

4 4. It removes the provision in the bill that allows as a proposed project cost capital
5 costs for an eligible commercial development district.

6 5. It clarifies that the proposed project costs allowed for skills development and
7 training for jobs created or retained in the municipality or plantation where a
8 development district is located may include scholarships for tuition at in-state educational
9 institutions or online learning entities when in-state options are not available.

10 6. It removes the provision that permits a municipality or plantation to delay the
11 operational functioning of a tax increment financing district until a later tax year and
12 allows the municipality or plantation to continue spending tax increment financing
13 revenues for 3 years following the final year of the tax increment financing district.

14 7. It permits a municipality or plantation to determine the starting date of the
15 development program, which may be the current tax year or a subsequent tax year as
16 specified in the development program.