

MAINE STATE LEGISLATURE

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126th MAINE LEGISLATURE

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Legislative Document

No. 563

H.P. 382

House of Representatives, February 19, 2013

An Act To Clarify Tax Increment Financing

Reference to the Committee on Taxation suggested and ordered printed.

Millicent M. MacFarland
MILLICENT M. MacFARLAND
Clerk

Presented by Representative ROCHELO of Biddeford.
Cosponsored by Senator DUTREMBLE of York and
Representatives: BERRY of Bowdoinham, CASAVANT of Biddeford, HERBIG of Belfast,
HOBBINS of Saco, KNIGHT of Livermore Falls, LIBBY of Lewiston, Senator: VALENTINO
of York.

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 by the municipality or plantation.

7 **Sec. 2. 30-A MRSA §5223, sub-§3**, as amended by PL 2011, c. 675, §2 and c.
8 691, Pt. A, §31, is further amended to read:

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

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

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

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

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

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

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

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

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

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

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

18 The conditions in paragraphs A to ~~D~~ C do not apply to approved downtown tax increment
19 financing districts, tax increment financing districts that consist solely of one or more
20 community wind power generation facilities owned by a community wind power
21 generator that has been certified by the Public Utilities Commission pursuant to Title
22 35-A, section 3403, subsection 3 or transit-oriented development districts.

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

25 H. The duration of the program, which may not exceed a total of 30 tax years from
26 the date of designation of the district; and

27 **Sec. 4. 30-A MRSA §5225, sub-§1, ¶A**, as amended by PL 2011, c. 101, §12, is
28 further amended to read:

29 A. Costs of improvements made within the tax increment financing district,
30 including, but not limited to:

31 (1) Capital costs, including, but not limited to:

32 (a) The acquisition or construction of land, improvements, public ways,
33 buildings, structures, fixtures and equipment for public, arts district, new or
34 existing recreational trail, commercial or transit-oriented development district
35 use.

36 (i) Eligible transit-oriented development district capital costs include but
37 are not limited to: transit vehicles such as buses, ferries, vans, rail
38 conveyances and related equipment; bus shelters and other transit-related
39 structures; benches, signs and other transit-related infrastructure; bicycle
40 lane construction and other bicycle-related improvements; pedestrian
41 improvements such as crosswalks, crosswalk signals and warning

- 1 systems and crosswalk curb treatments; and the nonresidential
2 commercial portions of transit-oriented development projects.
- 3 (ii) Eligible recreational trail-related development district capital costs
4 include but are not limited to new or existing trails, including bridges that
5 are part of the trail corridor, used all or in part for all-terrain vehicles,
6 snowmobiles, hiking, bicycling, cross-country skiing or other related
7 multiple uses, signs, crosswalks, signals and warning systems and other
8 related improvements.
- 9 (iii) Eligible development district capital costs for public ways include
10 but are not limited to scenic turnouts, signs, railing and other related
11 improvements;
- 12 (iv) Eligible commercial development district capital costs include but
13 are not limited to industrial development, businesses and apartment
14 buildings and condominiums located in a tourist and resort area and all
15 capital costs of such development projects;
- 16 (b) The demolition, alteration, remodeling, repair or reconstruction of
17 existing buildings, structures and fixtures;
- 18 (c) Site preparation and finishing work; and
- 19 (d) All fees and expenses that are eligible to be included in the capital cost of
20 such improvements, including, but not limited to, licensing and permitting
21 expenses and planning, engineering, architectural, testing, legal and
22 accounting expenses;
- 23 (2) Financing costs, including, but not limited to, closing costs, issuance costs
24 and interest paid to holders of evidences of indebtedness issued to pay for project
25 costs and any premium paid over the principal amount of that indebtedness
26 because of the redemption of the obligations before maturity;
- 27 (3) Real property assembly costs;
- 28 (4) Professional service costs, including, but not limited to, licensing,
29 architectural, planning, engineering and legal expenses;
- 30 (5) Administrative costs, including, but not limited to, reasonable charges for the
31 time spent by municipal or plantation employees in connection with the
32 implementation of a development program;
- 33 (6) Relocation costs, including, but not limited to, relocation payments made
34 following condemnation;
- 35 (7) Organizational costs relating to the establishment of the district, including,
36 but not limited to, the costs of conducting environmental impact and other studies
37 and the costs of informing the public about the creation of development districts
38 and the implementation of project plans; and
- 39 (8) In the case of transit-oriented development districts, ongoing costs of adding
40 to an existing transit system or creating a new transit service and limited strictly

1 to transit operator salaries, transit vehicle fuel and transit vehicle parts
2 replacements;

3 **Sec. 5. 30-A MRSA §5225, sub-§1, ¶C**, as repealed and replaced by PL 2011, c.
4 675, §3, is amended to read:

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

8 (1) Costs of funding economic development programs or events developed by
9 the municipality or plantation or funding the marketing of the municipality or
10 plantation as a business or arts location;

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

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

16 (4) Costs of services and equipment to provide skills development and training
17 ~~for residents of, including scholarships to educational institutions, for jobs~~
18 ~~created or retained in the municipality or plantation. These costs may not exceed~~
19 ~~20% of the total project costs and must be designated as training funds in the~~
20 ~~development program~~;

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

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

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

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

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

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

1 and personal property financed by municipal indebtedness must be completed within 8
2 years of the approval of a district.

3 3. It clarifies the 30-tax-year permissible duration of a development program related
4 to a tax increment financing district.

5 4. It expands the capital costs allowed for an eligible commercial development
6 district and the costs allowed for skills development and training for jobs created or
7 retained in the municipality or plantation where a development district is located and
8 permits the use of funds for economic development grants.

9 5. It permits a municipality or plantation to delay the operational functioning of a tax
10 increment financing district until the tax year following the tax year in which the district
11 takes effect.

12 6. It expands from 20 years to 30 years the allowable maturation period for bonds
13 issued by the legislative body of a municipality or plantation to finance the cost of a
14 development program within a development district.