

MAINE STATE LEGISLATURE

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Date: 6/20/23

Majority

L D 1493
(Filing No H-646)

TAXATION

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STATE OF MAINE
HOUSE OF REPRESENTATIVES
131ST LEGISLATURE
FIRST SPECIAL SESSION

COMMITTEE AMENDMENT "A" to H P 948, L D 1493, "An Act to Increase Affordable Housing by Expanding Tax Increment Financing"

Amend the bill in section 3 in paragraph F in the first line (page 1, line 13 in L D) by inserting after the following: "constructing" the following 'demolishing'

Amend the bill in section 3 in paragraph F in the first line (page 1, line 13 in L D) by striking out the following "owned" and inserting the following 'designated'

Amend the bill by striking out all of section 4 and inserting the following:

'Sec. 4. 30-A MRSA §5231, as amended by PL 2013, c 184, §6, 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 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

Sec. 5. 30-A MRSA §5248, sub-§2, ¶G, as amended by PL 2013, c 312, §3, is further amended to read

G The duration of the program, which ~~may start during any tax year~~ starts and ends during the tax years specified in the approval of the affordable housing development

COMMITTEE AMENDMENT



1 program by a municipal legislative body, except that the program duration may not
2 exceed the earlier of 30 years after the tax year in which the affordable housing is
3 placed in service, as evidenced by issuance of a municipal certificate of occupancy, or
4 35 years after the tax year in which the designation of the district is approved by the
5 director as provided in section 5250, subsection 3, and

6 **Sec. 6. 30-A MRSA §5249, sub-§1, ¶B,** as enacted by PL 2003, c 426, §1, is
7 amended by amending subparagraph (3) to read

8 (3) Costs of funding to mitigate any adverse impact of the district upon the
9 municipality and its constituents This funding may be used for funding public
10 kindergarten to grade 12 costs and public facilities and improvements, and

11 **Sec. 7. 30-A MRSA §5249, sub-§1, ¶B,** as enacted by PL 2003, c. 426, §1, is
12 amended by amending subparagraph (4) to read:

13 (4) Costs to establish permanent housing development revolving loan funds or
14 investment funds, and

15 **Sec. 8. 30-A MRSA §5249, sub-§1, ¶B,** as enacted by PL 2003, c 426, §1, is
16 amended by enacting a new subparagraph (5) to read

17 (5) Costs of constructing, demolishing or improving facilities or buildings as part
18 of a qualified project as described in section 5250-W, subsection 3

19 **Sec. 9. 30-A MRSA §5250-D,** as amended by PL 2013, c 312, §5, is further
20 amended to read

21 **§5250-D. Bond financing**

22 The legislative body of a municipality may authorize, issue and sell bonds, including
23 but not limited to general obligation or revenue bonds or notes, that mature within 30 years
24 from the date of issue to finance all project costs needed to carry out the affordable housing
25 development program ~~within the affordable housing development district~~ The municipal
26 officers authorized to issue the bonds or notes may borrow money in anticipation of the
27 sale of the bonds for a period of up to 3 years by issuing temporary notes and notes in
28 renewal of the bonds All revenues derived under section 5250-A received by the
29 municipality are pledged for the payment of the activities described in the affordable
30 housing development program and used to reduce or cancel the taxes that may otherwise
31 be required to be expended for that purpose The notes, bonds or other forms of financing
32 may not be included when computing the municipality's net debt Nothing in this section
33 restricts the ability of the municipality to raise revenue for the payment of project costs in
34 any manner otherwise authorized by law

35 **Sec. 10. 30-A MRSA c. 206, sub-c. 7** is enacted to read.

36 **SUBCHAPTER 7**

37 **EVERGREEN HOUSING ZONES**

38 **§5250-W. Evergreen Housing Zones**

RCROS

1 1. Definitions. As used in this subchapter, unless the context otherwise indicates, the
2 following terms have the following meanings

3 A "Affordable housing" has the same meaning as in section 5246, subsection 1

4 B "Evergreen Housing Zone" means a zone authorized to be established under this
5 subchapter

6 C "Qualified project" means a housing project that meets the requirements of
7 subsection 3

8 D "Workforce housing" means a housing project located or to be located in an
9 Evergreen Housing Zone that will create long-term residential housing for households
10 with earned income that is insufficient to secure quality housing in reasonable
11 proximity to the workplace, the specific household income limit to be determined by
12 the municipality when the Evergreen Housing Zone is designated

13 2. Zones authorized. The municipality may designate an Evergreen Housing Zone if
14 the municipality:

15 A Has, at the time of the designation, a mechanism to ensure compliance with
16 subsection 3, paragraph B, and

17 (1) A development district that uses tax increment financing, or

18 (2) A Pine Tree Development Zone,

19 B Declares a shortage of workforce housing or affordable housing, and

20 C Has met other requirements specified by rule adopted by the commissioner

21 An Evergreen Housing Zone may, but is not required to, include the tax increment
22 financing districts

23 3. Qualified project. In order to be a qualified project, a housing project must

24 A Restrict at least 50% of the dwelling units in the project to workforce housing or
25 affordable housing,

26 B Be subject to a restrictive covenant recorded in the registry of deeds for the county
27 where the project is located requiring that the workforce housing or affordable housing
28 units be maintained for a period of at least 10 years for single-family, owner-occupied
29 units and 30 years for rental units,

30 C Be located in an Evergreen Housing Zone, and

31 D. Meet any other qualifications specified by rule adopted by the commissioner

32 4. Use of tax increment financing revenue. Tax increment financing revenue may be
33 used to finance a qualified project located anywhere in the municipality in which the
34 qualified project is located pursuant to section 5225, subsection 1, paragraph F and section
35 5249, subsection 1, paragraph B

36 5. Rules. The commissioner shall administer this subchapter. The commissioner shall
37 adopt rules pursuant to the Maine Administrative Procedure Act for implementation of
38 Evergreen Housing Zones, including, but not limited to, rules for determining eligibility,
39 selecting zones for designation and evaluating on a periodic basis the progress and success



1 of each zone in achieving the Evergreen Housing Zone's goals Rules adopted under this
2 section are routine technical rules as defined in Title 5, chapter 375, subchapter 2-A '

3 Amend the bill by inserting after section 6 the following

4 'Sec. 7. Appropriations and allocations. The following appropriations and
5 allocations are made

6 **ECONOMIC AND COMMUNITY DEVELOPMENT, DEPARTMENT OF**
7 **Business Development 0585**

8 Initiative: Provides ongoing funds for one Development Program Office position and
9 related All Other costs to implement and administer the Evergreen Housing Zones program

10	GENERAL FUND	2023-24	2024-25
11	POSITIONS - LEGISLATIVE COUNT	1 000	1 000
12	Personal Services	\$45,942	\$91,884
13	All Other	\$30,000	\$10,000
14			
15	GENERAL FUND TOTAL	<u>\$75,942</u>	<u>\$101,884</u>

16

17 Amend the bill by relettering or renumbering any nonconsecutive Part letter or section
18 number to read consecutively

19

SUMMARY

20 This amendment changes the name of the proposed housing zones to Evergreen
21 Housing Zones, removes provisions providing for sales tax exemptions and reimbursement
22 and makes changes to the administration of the new zones. The amendment adds an
23 appropriations and allocations section.

24

FISCAL NOTE REQUIRED

25

(See attached)



131st MAINE LEGISLATURE

LD 1493

LR 1111(02)

An Act to Increase Affordable Housing by Expanding Tax Increment Financing

Fiscal Note for Bill as Amended by Committee Amendment "A" (H-646)

Committee: Taxation

Fiscal Note Required: Yes

Fiscal Note

	FY 2023-24	FY 2024-25	Projections FY 2025-26	Projections FY 2026-27
Net Cost (Savings)				
General Fund	\$75,942	\$101,884	\$105,192	\$108,619
Appropriations/Allocations				
General Fund	\$75,942	\$101,884	\$105,192	\$108,619

Fiscal Detail and Notes

The bill includes ongoing General Fund appropriations to the Business Development program within the Department of Economic and Community Development of \$75,942 in fiscal year 2023-24 and \$101,884 in fiscal year 2024-25 for one Development Program Officer position and related All Other costs to establish and administer the Evergreen Housing Zones program. This fiscal note assumes the position will start on January 1, 2024.

Additional costs to the Maine State Housing Authority associated with the rulemaking process can be absorbed within existing budgeted resources.