

MAINE STATE LEGISLATURE

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LAWS

OF THE

STATE OF MAINE

AS PASSED BY THE

ONE HUNDRED AND TWELFTH LEGISLATURE

SECOND REGULAR SESSION
January 8, 1986 to April 16, 1986

SECOND SPECIAL SESSION
May 28, 1986 to May 30, 1986

AND AT THE

THIRD SPECIAL SESSION
October 17, 1986

PUBLISHED BY THE DIRECTOR OF REVISOR OF STATUTES IN
ACCORDANCE WITH MAINE REVISED STATUTES ANNOTATED,
TITLE 3, SECTION 163-A, SUBSECTION 4.

J.S. McCarthy Co., Inc.
Augusta, Maine

PUBLIC LAWS
OF THE
STATE OF MAINE

AS PASSED AT THE
SECOND REGULAR SESSION
of the
ONE HUNDRED AND TWELFTH LEGISLATURE
1985

dune in that area; and the applicant or applicants shall follow the recommendations.

Effective July 16, 1986.

CHAPTER 650

H.P. 1622 - L.D. 2285

AN ACT to Remove Maximum Annual Limits on the Captured Assessed Values within Tax Increment Financing Districts.

Emergency preamble. Whereas, Acts of the Legislature do not become effective until 90 days after adjournment unless enacted as emergencies; and

Whereas, the need to expand the scope of tax increment financing must be addressed in the tax year beginning on April 1, 1986; and

Whereas, certain critical projects must utilize provisions contained within this bill before it would normally become effective; and

Whereas, in the judgment of the Legislature, these facts create an emergency within the meaning of the Constitution of Maine and require the following legislation as immediately necessary for the preservation of the public peace, health and safety; now, therefore,

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

Sec. 1. 20-A MRSA §1, sub-§37-A is enacted to read:

37-A. State valuation. "State valuation" means the value certified to the Secretary of State as provided in Title 36, section 305, subsection 1.

Sec. 2. 30 MRSA §4862, sub-§7-A, as enacted by PL 1981, c. 676, §5, is amended to read:

7-A. Project costs. "Project costs" means any expenditures made or estimated to be made or monetary obligations incurred or estimated to be incurred by the municipality which are listed in a project plan

as costs of public works or improvements, including public works, acquisition, construction or rehabilitation of land or improvements for sale or lease to commercial or industrial users, excluding the buildings, or portions of the buildings, used predominantly for the general conduct of government, the buildings include, but are not limited to, city halls and other headquarters of government where the governing body meets regularly, courthouses, jails, police stations and other State Government and local government office buildings, within a development district plus any costs incidental thereto, diminished by any income, special assessments, or other revenues, other than tax increments, received or reasonably expected to be received by the municipality in connection with the implementation of this plan. These project costs include, but are not limited to:

A. Capital costs, including, but not limited to, the actual costs of the construction of public works or improvements, new buildings, structures and fixtures; the demolition, alteration, remodeling, repair or reconstruction of existing buildings, structures and fixtures; the acquisition of equipment; and the clearing and grading of land;

B. Financing costs, including, but not limited to, all interest paid to holders of evidences of indebtedness issued to pay for project costs and any premium paid over the principal amount thereof because of the redemption of the obligations prior to maturity;

C. Real property assembly costs, meaning any deficit incurred resulting from the sale or lease as lessor by the municipality of real or personal property within a development district for consideration which is less than its cost to the municipality;

D. Professional service costs, including, but not limited to, those costs incurred for architectural, planning, engineering and legal advice and services;

E. Administrative costs, including, but not limited to, reasonable charges for the time spent by municipal employees in connection with the implementation of a project plan;

F. Relocation costs, including, but not limited to, those relocation payments made following condemnation;

G. Organizational costs, including, but not limited to, the costs of conducting environmental impact and other studies and the costs of informing the public with respect to the creation of development districts and the implementation of project plans;

H. Payments made, in the discretion of the local legislative body, which are found to be necessary or convenient to the creation of development districts or the implementation of projects plans; **and**

I. That portion of the costs related to the construction or alteration of sewerage treatment plants, water treatment plants or other environmental protection devices, storm or sanitary sewer lines, water lines or amenities on streets or the rebuilding or expansion of which is necessitated by the project plan for a development district, whether or not the construction, alteration, rebuilding or expansion is within the development district; and

J. Training costs, including, but not limited to, those costs associated with providing skills development and training for employees of businesses within the development district, the costs not to exceed 20% of the total project costs and must be designated as training funds within 3 years of the designation of the district.

Sec. 3. 30 MRSA §4862, sub-§11, as enacted by PL 1977, c. 397, is amended to read:

11. Tax increment. "Tax increment" means that portion of all real and personal property taxes assessed by a municipality, in excess of any state, county or special district tax, upon the captured assessed value of property in the development district.

Sec. 4. 30 MRSA §4863, sub-§1, as amended by PL 1985, c. 163, §4, is further amended to read:

1. Districts. The governing body of a municipality may designate development districts within the boundaries of the municipality. Prior to designating a district, the governing body shall consult with the municipal planning agency or department and with an advisory board, if established under section 4870, and shall also hold at least one public hearing, notice of which shall be published at least 10 days

prior to the hearing in a newspaper of general circulation within the municipality.

A. Not less than 25%, by area, of the real property within a development district shall meet at least one of the following criteria:

- (1) Is a blighted area;
- (2) Is in need of rehabilitation, redevelopment or conservation work; or
- (3) Is suitable for industrial sites.

B. The total area of a single development district shall not exceed 2% of the total acreage of the municipality and all development districts shall not exceed 5% of the total acreage of the municipality. The boundaries of a district may be altered only after meeting the requirements for adoption under this subsection.

B-1. The aggregate value of equalized taxable property of a tax increment financing district, plus all existing tax increment financing districts, shall not exceed 5% of the total value of equalized taxable property within the municipality.

B-2. The aggregate value of indebtedness financed by the proceeds from tax increment financing districts within any county shall not exceed \$50,000,000.

C. The designation of captured assessed value of property within a tax increment financing district shall be subject to the following limitations:

- (1) The annual increase in captured assessed value of property within tax increment financing districts must not exceed \$5,000,000 in any county, and within any county may not exceed the lesser of 1% of the total annual value of equalized taxable property within the county annually or \$20,000,000 within a 24-month period; if 1% of a county's equalized taxable value is less than \$5,000,000, the annual limit for that county is \$5,000,000;
- (2) The annual increase in captured assessed value of property within tax incre-

ment financing districts must not exceed \$15,000,000 statewide. The Director of the State Development Office shall promulgate any rules necessary to allocate or apportion the designation of captured assessed value of property within tax increment financing districts in accordance with these limitations; and

(3) Fifteen percent of the project costs for the development program must be incurred within 9 months of the designation by the Director of the State Development Office of the tax increment financing district. The development program must be completed within 5 years of the designation by the Director of the State Development Office of the tax increment financing district.

D. Before final designation of a tax increment financing district, the Director of the State Development Office shall review the proposal to ensure that it is in compliance with statutory requirements and shall identify tax shifts within the county where the district will exist. A designation under this subsection shall be effective upon approval by the governing body of the municipality and, for tax increment financing districts, the Director of the State Development Office. If the municipality has a charter, the designation shall be done in accordance with the provisions of the charter.

Sec. 5. 30 MRSA §4864, sub-§1, as amended by PL 1985, c. 506, Pt. A, §66, is further amended to read:

1. Captured assessed value. The municipality may retain all or part of the tax increment of a development district for the purpose of financing the development program, for purposes of calculating state aid for education under Title 20-A, effective for districts designated after December 31, 1986, only 75% of the captured assessed value within the tax increment financing district is excepted from the equalized just valuation of a municipality as defined in Title 36, section 305, subsection 1. The amount of tax increment to be retained shall be determined by designating the amount of captured assessed value to be retained. At the time of adoption of a development program for a tax increment financing district, the governing body shall adopt a statement of the percentage of captured assessed value to be retained

in accordance with the development program. Once adopted, the percentage may only be decreased in subsequent years, unless a new development program is adopted, or the present plan is amended or altered under section 4863. The municipal assessor shall certify the amount of the captured assessed value to the municipality each year.

Sec. 6. 30 MRSA §4867, as amended by PL 1981, c. 676, §11, is further amended to read:

§4867. Financing

The governing body of the municipality may authorize, issue and sell ~~general obligation~~ bonds, including, without limitation, general obligation or revenue bonds or notes, which shall mature within 30 20 years from the date of issue, to finance all project costs as defined in section 4862, subsection 7-A, needed to carry out the development program within the development district. All revenues derived under section 4864 or under section 4865, subsection 1, received by the municipality shall be pledged for the payment of the incurred indebtedness and used to reduce or cancel the taxes, which may otherwise be required to be expended for that purpose, and the notes, bonds or other forms of financing shall not be included when computing the municipality's net debt. Nothing in this section may restrict the ability of the municipality to raise revenue for payment of project costs in any manner otherwise authorized by law.

Sec. 7. 36 MRSA §305, sub-§1, as amended by PL 1983, c. 859, Pt. N, §3, is further amended to read:

1. Just value. Certify to the Secretary of State before the first day of February in the year of the regular session of the Legislature the equalized just value of all real and personal property in each municipality and unorganized place which is subject to taxation under the laws of this State, except captured assessed value located within a tax increment financing district, for purposes of calculating state aid for education under Title 20-A, effective for districts designated after December 31, 1986, only 75% of the captured assessed value within a tax increment financing district is excepted from a municipality's equalized just valuation. Such equalized just value shall be uniformly assessed in each municipality and unorganized place and shall be based on 100% of the current market value. It shall separately show for each municipality and unorganized

place the actual or estimated value of all real estate which is exempt from property taxation by law or is the captured value within a tax increment financing district. The valuation as filed shall remain in effect until the next valuation is filed and shall be the basis for the computation and apportionment of the state and county taxes;

Emergency clause. In view of the emergency cited in the preamble, this Act shall take effect when approved.

Effective April 9, 1986.

CHAPTER 651

H.P. 1595 - L.D. 2240

AN ACT to Modernize the Telephone Excise Tax.

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

Sec. 1. 36 MRSA c. 363, as amended, is repealed.

Sec. 2. 36 MRSA c. 364 is enacted to read:

CHAPTER 364

TELECOMMUNICATIONS SERVICE

§2691. Persons taxable

Every person providing telecommunications service shall pay to the State Tax Assessor an annual excise tax for the privilege of conducting a telecommunications business in this State.

§2692. Amount of tax

The amount of the annual excise tax on persons providing telecommunications service is as follows: When the total gross operating revenues of a person from the provision of telecommunications service which originates or terminates in this State and is charged to a telephone number, account or customer in this State or which originates and terminates in this State during the calendar year preceding the year in which the tax is assessed on the person exceed \$1,000 and do not exceed \$5,000, the tax is 1 1/4% of the