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# Municipal Tax Increment Financing



Maine Department of  
Economic and Community Development  
59 State House Station  
Augusta, Maine 04333-0059  
(207) 287-2656

# **Municipal Tax Increment Financing (TIF)**

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## TABLE OF CONTENTS

Municipal Tax Increment Financing .....	1
Description .....	2
Acceptable and Unacceptable Uses for TIF Revenues .....	2
How Municipal Development Works Without TIF .....	3
How TIF Helps Municipal Development .....	3
Criteria for District Designation .....	4
TIF Limitations .....	4
Funding Mechanisms .....	4
Credit Enhancement Agreements .....	5
Advantages and Disadvantages of Credit Enhancement Agreements .....	5
Municipal Debt (Bonds) .....	5
Advantages and Disadvantages of Municipal Debt .....	5
Preparing a Tax Increment Financing Plan and Application .....	6
Development Program. ....	6
Designation Process .....	6
Application Components .....	6
Program Policy Notes .....	7
Laws and Rules Listing .....	7
Application Cover Sheet .....	8
Application Requirements .....	11
TIF Statute .....	14
TIF Rule .....	24
Annual Report Statute .....	31
Property Tax Statutes .....	33
Sample TIF Proposal .....	35

# INFORMATION SHEETS

## **MUNICIPAL TAX INCREMENT FINANCING (TIF)**

### **Municipal Economic Development**

A municipality may choose to support local economic development projects – from infrastructure improvements to business expansions and relocations - by providing financial assistance through the use of the new property taxes generated from the investments, i.e. the tax “increment.”

### **Program Summary**

TIF is strictly a local economic development tool that permits a municipality to use all, or a portion, of the new property taxes that result from an investment project within a designated district, to assist in that project’s financing. The municipality has the option of issuing bonds, which are retired using the tax increment, or paying the tax increment directly to the investing business to help pay project costs.

TIF districts may be designated for a period up to 30 years. Bonds may be issued under this program for up to 20 years. The designation of a TIF district requires a public hearing and the majority vote of the municipal legislative body.

### **Program Example**

A business expects to invest \$500,000 in buildings and site improvements on vacant land presently valued at \$100,000, and install \$400,000 in manufacturing machinery and equipment. The municipality’s property tax mil rate is \$20 per \$1,000 of valuation, so the business will have a tax obligation of \$20,000 per year once the investments are recorded on the tax rolls. Of this tax obligation, \$18,000 is incremental, and therefore eligible for TIF.

Scenario 1: Credit Enhancement Agreement. The municipality agrees to “capture” 75% of the incremental tax revenues for a period of fifteen years and return them to the business to assist in financing the new building. The business would receive \$13,500 in the first year of TIF, though subsequent payments might be adjusted for equipment depreciation, real estate appreciation, and future capital investments. All things being equal, however, the business would receive approximately \$202,500 over the life of the TIF district.

Scenario 2: Municipal Bond Financing. The business needs a road and utilities installed for \$150,000. The municipality agrees to pay this cost, issuing a 20-year TIF bond in the amount of \$150,000. Annual debt service on the bond will be \$12,338, which the municipality will “capture” out of the incremental taxes.

### **More Information**

The remaining pages of this “information” section provide a more thorough discussion of the TIF program.

### **How to Apply**

Please fully address each part of the attached application which includes a cover sheet and “application requirements.” Submit completed applications to the Department of Economic and Community Development, 59 State House Station, Augusta, ME 04333-0059. All applications will be reviewed by the Department on a timely basis, and in the order they are received. Applicants will be notified of their acceptance or rejection in writing. If you have any questions, need assistance or require additional information, please contact Alan Brigham or Jim Nimon at 287-2656.

## **Tax Increment Financing**

- A **local** economic development financing program that uses all, or part, of the tax revenues generated from new capital investments, i.e. tax "increment," to reduce bond debt issued for the project, or pay the investing company directly for project costs incurred;
- A "shelter" against adverse adjustments to state subsidies and county taxes based on total valuation; and
- A powerful, flexible economic development tool for municipalities to support job creation, capital investment and a broadening of the local tax base.

## **TIF Revenue Uses**

- *Capital costs*, including:
  - construction or improvement of public works, new buildings or structures and fixtures;
  - demolition, repair or remodeling of existing buildings, structures and fixtures;
  - acquisition of equipment; and
  - site work.
- *Financing costs*, including:
  - all interest paid to holders of evidences of indebtedness (notes, bonds, etc.) issued to pay for project costs (either municipal or corporate); and
  - any premiums to be paid for early redemption of obligations.
- *Deficits incurred by a municipality* from making real or personal property within a development district available to the developer at a cost below that of the municipality (e.g. rent subsidies and sale of assets at a price below acquisition cost).
- *Professional services*, including, but not limited to, architects, engineers, planners, and attorneys.
- *Administrative expenses*, including those incurred by municipal employees in connection with the development program.
- *Relocation costs*.
- *Organizational costs*, including environmental and other impact studies and public information processes.
- *Certain infrastructure* associated with the project, whether or not physically located in the development district, including:
  - sewer and water handling and treatment plants;
  - road construction or improvement;
  - utility installation;

- environmental protection devices and facilities; and
- sewer, storm sewer, and water lines.
- *Payments made at the discretion of the local legislative body*, and considered necessary or convenient to the implementation of project plans, or the creation of development districts. These must be economic development project costs and specified in the development program.
- *Employee training*, limited to 20% of total project costs, and designated as “training funds” in the development program.
- *Other improvements*, including:
  - development of new employment opportunities;
  - promoting public events;
  - advertising cultural, educational and commercial activities;
  - public safety; and administrative and management support.

#### **TIF Revenue Prohibitions**

- Project costs associated with buildings used predominantly for the general conduct of government, or for public recreational facilities.

#### **How Municipal Development Works *Without* TIF**

- A municipality’s total Equalized Assessed Value (as of April 1) is used to compute:
  - General Purpose Aid to Education (subsidy)
  - State Revenue Sharing (subsidy)
  - County Taxes (expense)
- State subsidies change inversely to value; County taxes change directly.
- As total value increases (through inflationary growth and increased investment), the municipality will realize a *decrease* in Education and Revenue Sharing subsidies, and an *increase* in County tax obligations.
- Therefore new tax revenues resulting from a development project are reduced through loss of subsidies and increased county taxes.

#### **How TIF *Helps* Municipal Development**

- TIF allows the municipality to “shelter” new value resulting from certain development projects from the computation of its State subsidies and County taxes.
- The sheltering allows the municipality to retain all or a portion of those new tax revenues otherwise passed on to the County and State.
- The municipality achieves the sheltering effect by designating a specific geographic area as a Municipal Development Tax Increment Financing District.



- The designation “freezes” the value of taxable property within the district with respect to the State and County.

#### **Criteria for District Designation**

- At least 25% of the District area must be :
  - Blighted; or
  - In need of rehabilitation, redevelopment, or conservation; or
  - Suitable for industrial (commercial) sites.
- Municipal legislative body designates the district, and must consider the effect of this action on other “interested parties.”
- DECD’s Commissioner reviews and approves proposals based upon statutory compliance.

#### **TIF Limitations**

- *Geographic*: no single district may exceed 2% of the total acreage of the municipality; the total of all districts may not exceed 5% of the total acreage of the municipality. The boundaries (area) of a designated district may be altered only through the statutory district adoption procedure.
- *Value*: the total value (as of the April 1<sup>st</sup> preceding designation) of all taxable property within a district to be designated, plus the value of all existing TIF districts (at the time of their designation) cannot exceed 5% of the municipality’s total equalized value as of the current property tax year.
- *Municipal Indebtedness*: the total amount of municipal debt financed through TIF districts within any county may not exceed \$50 million.
- *Term*: Bonds may be issued for a maximum of 20 years (anticipation notes for three years). TIF districts may be designated for a maximum of 30 years.

#### **Funding Mechanisms**

Initially only one approach, i.e. *bonding*, was used to fund TIF projects. A second mechanism, called a *credit enhancement agreement*, is now very popular and widely utilized by municipalities. The two methods, and the particular payment account that each must have, is highlighted below:

- The issuance by the municipality of General or Limited Obligation Bonds require TIF revenues to be placed in a *Development Sinking Fund* established to repay the debt created by the bond, and/or
- Direct payment by the municipality, through a Credit Enhancement Agreement with the company, in which either fixed dollar amounts, or a percentage of TIF revenues, are placed in a *Project Cost Account* in order to pay authorized project costs.

One development project may be financed using *both* bonds and a credit enhancement agreement. Terms of financing vary. Declining percentage retention schedules are common.

### **Credit Enhancement Agreement**

A mechanism to assist the development project by using all, or a percentage, of the tax revenues generated by the new investment to pay certain authorized project costs, including payments made directly to the company.

#### **Advantages of the Credit Enhancement Agreement**

- Municipality automatically indemnified against risk of insufficient tax increment revenues to meet debt service requirements.
- \$50 million county debt cap for TIF districts does not apply.
- Public approval often easier to obtain.
- Easily accounts for revaluations.
- Allows municipality to provide a direct cash subsidy to business(es) within the district for up to 30 years.
- Flexibility
  - Percentage of tax revenues retained may vary over life of district.
  - Can finance multiple project costs.
  - Possible to “share” unanticipated additional tax revenues.
  - Business may pursue best available financing in private sector.

#### **Disadvantages of Credit Enhancement Agreement**

- Tax-exempt municipal bond interest rate not available.
- Municipality’s TIF participation may not be limited to a fixed amount.

### **Municipal Debt (Bonds)**

A mechanism to fund development projects through the issuance of municipal general obligation bonds or limited obligation bonds.

#### **Advantages of Municipal Debt**

- The municipal bond tax-exempt interest rate may significantly increase the total amount of financing available.
- The municipality’s support for the project is fixed with respect to amount and term...a “clean and simple” package.

#### **Disadvantages of Municipal Debt**

- Risk exposure: Municipality remains liable for debt service on general obligation bonds if tax increment revenues are insufficient (shortfalls may be guaranteed by the developer).
- Voters are generally debt averse, so approval is often more difficult to obtain.

- \$50 million cap on total TIF debt per county could be a factor, especially in Southern Maine.
- Revaluations can negatively affect tax increment revenues available for debt service, requiring an amendment to the original approval.

### **CHECKLIST: Preparing a Tax Increment Financing Plan and Application**

Development Program ... a statement of means and objectives...

#### **Designation Process**

- ☐ Notification of public hearing in newspaper of general circulation ten days prior to the public hearing.
- ☐ Public hearing.
- ☐ Majority vote of town legislative body.
- ☐ Application to DECD.
- ☐ DECD commissioner approves.

#### **Application Components**

- ☐ Cover Sheet.
- ☐ Development Program.
- ☐ Calculations of tax shifts.
- ☐ Evidence of public hearing notice.
- ☐ Record of district designation by municipal legislative body.
- ☐ District area and value certifications.
- ☐ Map and description of district.
- ☐ Overview of the Development Project to be financed.
- ☐ Financial Plan...a statement of costs and sources of revenue required to accomplish the development program to include:
  - ☐ Cost estimates for the program.
  - ☐ Indebtedness to be incurred.
  - ☐ Sources of anticipated revenues.
  - ☐ Estimates of Captured Assessed Values (CAV).
  - ☐ CAV and resulting tax increment revenues to be applied to the program each year.
- ☐ Estimated impact of district on all taxing jurisdictions in which district is located.

- ☐ List of public facilities to be constructed (if any).
- ☐ Uses of private property within district.
- ☐ Plans for relocation of persons displaced by development activities.
- ☐ Proposed traffic improvements.
- ☐ Environmental controls to be applied.
- ☐ Proposed operation of the district after capital improvements are complete.
- ☐ Duration of district (not to exceed 30 years).

### **Program Policy Notes**

*Municipal TIF Policies.* TIF projects often catch municipalities by surprise. It is never too early to be learning how this powerful and increasingly popular program works, or to begin developing a *local policy* for its use, both as a proactive development tool, and in response to proposals from existing businesses. Creation of a clear policy document initially requires TIF “education” for the municipality. Then it takes public deliberation. The eventual document articulates the will and values of the community. It acts as a benchmark for the evaluation of projects requesting public investment, and when done well, can serve as a negotiating tool for the municipality. A number of municipalities have prepared, or are in the process of preparing, TIF policies.

*Project Costs.* DECD will look to legislative findings in considering project costs, like “creation and retention of jobs” and “broadening of the tax base,” that are not clearly addressed in statute. Project costs should, wherever possible, be contained within the TIF district, even if this means extending the district, e.g. to include surrounding roads. Any project costs not actually within the district must be clearly related to it (physically or operationally), or constitute a bona fide economic development purpose.

*New Reporting Requirements.* The new statute requires employers who are applicants for specified economic development incentives (TIF being one of seven) to disclose the public purpose and project uses supported by the economic development incentive, and the employer’s goals for the number, type and wage levels of jobs that will be created or retained. Additionally, recipients of more than \$10,000 per year must file an annual report containing more detailed information about the amount of economic development assistance received and the employment creation or retention experience of the employer.

*Early Contact with DECD.* Tax Increment Financing continues to be one of the most powerful and flexible programs in support of economic development available in the State of Maine. It is clearly a local initiative, however, and DECD’s oversight role is intended to ensure statutory compliance. DECD staff welcomes early project involvement in order to provide timely assistance so that a TIF proposal is approvable upon receipt at the Commissioner’s Office.

### **Laws and Rules**

- 30-A M.R.S.A. §§5251-5261: Municipal Development Districts
- 36 M.R.S.A. §§208 and 305: Equalization of Property Tax Assessments
- 5 M.R.S.A. §13070-J: Return on Public Investment from Economic Development Incentives
- 19-100 CMR ch. 1: Municipal Tax Increment Financing Rule

# APPLICATION.

Department of Economic and Community Development

**MUNICIPAL TAX INCREMENT FINANCING**

**APPLICATION COVER SHEET**

**A. General Information**

1. *Municipality Name:*

2. *Address:*

3. *Telephone:*

*Fax:*

*Email:*

4. *Project Contact Person:*

*Date:*

5. *Business Name:*

6. *Address:*

7. *Telephone:*

*Fax:*

*Email:*

8. *Principal Place of Business:*

9. *Company Structure (e.g. corporation, sub-chapter S, etc.):*

10. *Place of Incorporation:*

11. *Names of Officers:*

12. *Principal Owner(s) Name and Address:*

13. *Project Contact Person:*

**B. Disclosure** (attach separate sheets if necessary)

14. Describe the public purpose that will be served by the business through the use of the TIF incentive:

15. Describe the specific uses to which the TIF revenues will be put:

16. List the company's goals for the number, type and wage levels of jobs to be created or retained as a result of the TIF revenues received (*p. 9*).

17. Does the business anticipate receiving more than \$10,000 in TIF revenues in any calendar year during the term of the TIF development program? Yes    No

18. If so, a report must be submitted annually to the DECD Commissioner (*p. 10*).

## COMPANY EMPLOYMENT GOALS

Municipality:

**Business:**

Person Completing:

**Instructions for completing form:**

*For both Jobs "Created" Goal and Jobs "Retained" Goal, please list the position title, the number of full-time equivalents for each position, i.e. 40 hours per week or other industry-accepted definition, and wages paid per hour (attach separate sheet if necessary).*

[illegible]

**ANNUAL REPORT OF COMPANIES RECEIVING MORE THAN \$10,000 IN TIF REVENUES**  
(Due at the Office of the DECD Commissioner by February 28)

Municipality:

Business:

Person Completing:

Date Submitted:

1. List the amount of assistance received by the employer in the preceding calendar year from TIF revenues, and the uses to which that assistance has been put.

2. During the previous calendar year did the employer also receive assistance from any of the following economic development incentive programs: Maine Quality Centers, Governor's Training Initiative, Jobs and Investment Tax Credit, Research Expense Tax Credit, Business Equipment Tax Reimbursement, or Employment Tax Increment Financing? Yes No

If so, please list the name of each program, the amount of assistance received during the calendar year, and the number, type and wage level of jobs created or retained as a result of each economic development incentive received (attach separate sheet if necessary).

3. List the current employment levels for the employer for all operations within Maine, the number of employees in each job classification, and the average wages and benefits for each classification (attach separate sheet if necessary).

4. Note any changes in employment levels that have occurred over the preceding year.

5. Provide an assessment of how the employer has performed with respect to the public purpose identified at application, if applicable (attach separate sheet if necessary).



## APPLICATION REQUIREMENTS

### A. GENERAL

Municipalities wishing to use municipal tax increment financing to fund development programs must submit an application to the Department conforming in all material respects to the requirements of Section B below and providing any additional information the Department may request.

In accordance with 30-A MRSA, §5261, a county may act as a municipality for the unorganized territory within that county for purposes of municipal tax increment financing only.

### B. MUNICIPAL TAX INCREMENT FINANCING APPLICATION

An application for designation of a municipal tax increment financing district must contain the following:

1. **A Development Program**, i.e. a statement of means and objectives designed to provide new employment opportunities, retain existing employment, improve or broaden the tax base and improve the physical facilities and structures or the quality of pedestrian and vehicular transportation within the development district, including:
  - a. a program narrative;
  - b. a financial plan (see ¶2 below);
  - c. a complete list of public facilities to be constructed;
  - d. the uses of private property within the district;
  - e. plans for the relocation of persons displaced by the development activities;
  - f. the proposed regulations and facilities to improve transportation;
  - g. the environmental controls to be applied;
  - h. the proposed operation of the district after the planned capital improvements are completed;
  - i. calculations of tax shifts;
  - j. the duration of the program (not to exceed 30 years from the date of district designation);
  - k. a "physical description" of the district, including:
    - (1) Tax maps delineating the property in the proposed tax increment financing district;
    - (2) A municipal map showing the site location of the proposed tax increment financing district relative to the municipal boundaries;
    - (3) Certification by the municipal tax assessor that this information is accurate; and

(4) The information required and as depicted in Table 1 (attached) from the Program Rule Appendix.

2. **A Financial Plan**, i.e. a statement of the costs and sources of revenue required to accomplish the development program, including:
  - a. a description and estimates of development costs;
  - b. a description of the financing structure and amount of indebtedness to be incurred;
  - c. a description of the expected sources and uses of funds to finance the development costs, as depicted in Table 2 (attached) from the Program Rule Appendix;
  - d. estimates of captured assessed values of the district;
  - e. the portion of the captured assessed values to be applied to the development program and resulting tax increments in each year of the program; and
  - f. a statement of the estimated impact of tax increment financing on all taxing jurisdictions in which the district is located.
3. **Record of Municipal Approvals**, including:
  - a. a certified copy of the notice of public hearing, published at least 10 days prior to the hearing in a newspaper of general circulation;
  - b. minutes of the public meeting at which the proposed municipal tax increment financing district was discussed;
  - c. a copy of the municipal tax increment financing resolution from the governing body; and
  - d. the signature of the municipal officer attesting that all information is true and correct to the best of his or her knowledge.

## **C. ANNUAL REPORT REQUIREMENT**

Annually, an employer receiving an economic development incentive, the value of which exceeds \$10,000 in one year, shall submit a written report to the commissioner containing but not limited to the following information:

1. The amount of assistance received by the employer in the preceding year from each economic development incentive and the uses to which that assistance has been put;
2. The total amount of assistance received from all economic assistance programs;
3. The number, type and wage level of jobs created or retained as a result of an economic development incentive;

4. Current employment levels for the employer for all operations within the State, the number of employees in each job classification and the average wage and benefits for each classification;
5. Any changes in employment levels that have occurred over the preceding year; and
6. An assessment of how the employer has performed with respect to the public purpose identified in its application, if applicable.

# STATUTE

## MUNICIPAL DEVELOPMENT DISTRICTS STATUTE

*Note: Excerpts include Municipal Tax Increment Financing citations only; for State Tax Increment Financing citations please refer to the complete statutory language at 30A MRSA § 5251-5261.*

### **30A § 5251. Findings and declaration of necessity**

**1. Legislative finding.** The Legislature finds that there is a need for new development in areas of municipalities to:

- A. Provide new employment opportunities;
- B. Improve and broaden the tax base; and
- C. Improve the general economy of the State.

**2. Authorization.** For the reasons set out in subsection 1; municipalities may develop a program for improving a district of the municipality:

- A. To provide impetus for industrial or commercial development, or both;
- B. To increase employment; and
- C. To provide the facilities outlined in the development program adopted by the legislative body of the municipality.

**2-A. State participation.** Recognizing that the State, as well as municipalities, shares in the benefits of responsible new development, the State may also participate in the local program for improving a district:

- A. To enhance local efforts for economic or commercial development, or both; and
- B. To expand employment opportunities.

**3. Declaration of public purpose.** It is declared that the actions required to assist the implementation of these development programs are a public purpose and that the execution and financing of these programs are a public purpose.

### **30A § 5252. Definitions**

As used in this chapter, unless the context otherwise indicates, the following terms have the following meanings.

**1. Amenities.** "Amenities" means those items of street furniture, signs and landscaping including, but not limited to, plantings, benches, trash receptacles, street signs, sidewalks and pedestrian malls.

**1-B. Base period.** "Base period" means the 3 calendar years preceding the calendar year in which an application for approval of a state tax increment financing district is submitted to the Commissioner of Economic and Community Development by a municipality.

**1-C. Affiliated business.** "Affiliated business" means 2 businesses exhibiting either of the following relationships:

- A. One business owns 50% or more of the stock of the other business or owns a controlling interest in the other; or
- B. Fifty percent of the stock or a controlling interest is directly or indirectly owned by a common owner or owners.

**1-D. Affiliated group.** "Affiliated group" means a designated business and its corresponding affiliated businesses.

**2. Captured assessed value.** "Captured assessed value" means the valuation amount by which the current assessed value of a tax increment financing district exceeds the original assessed value of the district. If the current assessed value is equal to or less than the original there is no captured assessed value.

**2-B. Committee.** "Committee" means the Revenue Forecasting Committee established in Title 5, section 1710-E.

**2-C. Commission.** "Commission" means the Commission on Performance Budgeting established in Title 5, section 1710-K.

**3. Development district.** "Development district" means a specified area within the corporate limits of a municipality which has been designated and separately numbered as provided under section 5253, and which is to be developed by the municipality under a development program.

**4. Development program.** "Development program" means a statement of means and objectives designed to provide new employment opportunities, retain existing employment, improve or broaden the tax base and improve the physical facilities and structures or the quality of pedestrian and vehicular transportation within the development district. The statement must include:

- A. A financial plan;
- B. A complete list of public facilities to be constructed;
- C. The uses of private property within the district;
- D. Plans for the relocation of persons displaced by the development activities;
- E. The proposed regulations and facilities to improve transportation;
- F. The environmental controls to be applied;
- G. The proposed operation of the district after the planned capital improvements are completed; and
- H. The duration of the program that must not exceed 30 years from the date of designation of the district.

**5. Financial plan.** "Financial plan" means a statement of the costs and sources of revenue required to accomplish the development program.

A. The statement must include:

- (1) Cost estimates for the development program;
- (2) The amount of indebtedness to be incurred; and
- (3) Sources of anticipated revenues.

B. For a development program for a tax increment financing district, the statement must also include:

- (1) Estimates of captured assessed values of the district;
- (2) The portion of the captured assessed values to be applied to the development program and resulting tax increments in each year of the program; and
- (3) A statement of the estimated impact of tax increments financing on all taxing jurisdictions in which the district is located.

**6. Maintenance and operation.** "Maintenance and operation" means all activities necessary to maintain facilities after they have been developed and all activities necessary to

operate the facilities, including, but not limited to, informational, promotional and educational programs, and safety and surveillance activities.

**6-A. Market area.** "Market area" means a geographic region that will be impacted by the operation of a state tax increment financing district exclusive of the district.

**7. Original assessed value.** "Original assessed value" means the assessed value of the district as of March 31st of the preceding tax year.

**8. Project costs.** "Project costs" means any expenditures made or estimated to be made or monetary obligations incurred or estimated to be incurred that are included in a development program as costs of improvements, including public works, acquisition, construction or rehabilitation of land or improvements for sale or lease to, or use by, commercial or industrial users, within a development district plus any costs incidental to those improvements, reduced 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.

A. The term "project costs" does not include the cost of facilities, buildings or portions of buildings used predominantly for the general conduct of government or for public recreational purposes. These facilities and 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, recreation centers, athletic fields and swimming pools.

B. The term "project costs" includes, but is not limited to:

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

- (a) The actual costs of the construction of public works or other improvements, buildings, structures and fixtures;
- (b) The demolition, alteration, remodeling, repair or reconstruction of existing buildings, structures and fixtures;
- (c) The acquisition of equipment;
- (d) Site preparation and finishing work; and
- (e) All fees and expenses that are eligible to be included in the capital cost of such improvements, including, but not limited to, licensing and permitting expense, planning, engineering, architectural, testing, legal and accounting expenses.

(2) Financing costs, including, but not limited to, closing costs, issuance costs, and interest paid to holders of evidences of indebtedness issued to pay for project costs and any premium paid over the principal amount of that indebtedness because of the redemption of the obligations before maturity;

(3) Real property assembly costs;

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

(5) Administrative costs, including, but not limited to, reasonable charges for the time spent by municipal employees in connection with the implementation of a development program;

(6) Relocation costs, including, but not limited to, those relocation payments made following condemnation;

(7) Organizational costs, including, but not limited to, the costs of conducting environmental impact and other studies and the costs of informing the public

about the creation of development districts and the implementation of project plans;

(9) That portion of the costs reasonably related to the construction, alteration or expansion of any facilities not located within the district that are required due to improvements or activities within the district including, but not limited to, sewage treatment plants, water treatment plants or other environmental protection devices, storm or sanitary sewer lines, water lines or amenities on streets or fire stations;

(10) Training costs, including, but not limited to, those costs associated with providing skills development and training for employees of businesses within the development district. These costs may not exceed 20% of the total project costs and must be designated as training funds in the development program; and

(11) Costs associated with developing new employment opportunities; promoting public events; advertising cultural, educational and commercial activities; providing public safety; establishing and maintaining administrative and management support; assisting in mitigating any adverse impact of a district upon the municipality and its constituents; funding economic development programs or environmental improvement programs developed by the municipality; and such other services as are necessary or appropriate to carry out the development program if the activities and programs generating such costs are provided for in the development program and bear a reasonable relationship to the improvements or activities within the district or the impacts on the district.

**9. 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.

**10. Tax increment financing district.** "Tax increment financing district" means a type of development district, or portion of a district, which uses tax increment financing under section 5254.

### **30A § 5253. Development districts; development programs and ordinances**

**1. Districts.** The municipal legislative body may designate development districts within the boundaries of the municipality. Before designating a district, the municipal legislative body or the municipal legislative body's designee shall hold at least one public hearing. Notice of the hearing must be published at least 10 days before the hearing in a newspaper of general circulation within the municipality.

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; or
- (3) Must be suitable for industrial sites.

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

C. The aggregate value of equalized taxable property, as defined in Title 36, sections 208 and 305, of a tax increment financing district determined as of the April 1st preceding the date the designation of the district becomes effective, plus all existing tax increment financing districts determined as of the April 1st preceding the date the designation of each such district became effective, may not exceed 5% of the total value of equalized



taxable property within the municipality as of the April 1st preceding the date the designation of the development district becomes effective. However, excluded from the calculation of this limit is any district involving project costs in excess of \$10,000,000, the geographic area of which consists entirely of contiguous property owned by a single taxpayer and the assessed value of which exceeds 10% of the municipality's total assessed value. 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 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.

E. The designation of captured assessed value of property within a tax increment financing district is subject to the following limitations.

(1) The Commissioner of Economic and Community Development shall adopt rules necessary to allocate or apportion the designation of captured assessed value of property within tax increment financing districts in accordance with these limitations.

(2) The acquisition, construction and installment of all real and personal property improvements, buildings, structures, fixtures and equipment within the district contemplated by the development program must be completed within 5 years of the designation of the tax increment financing district by the Commissioner of Economic and Community Development.

F. Before final designation of a tax increment financing district, the Commissioner of Economic and Community Development shall review the proposal to ensure that the proposal complies with statutory requirements and shall identify tax shifts within the county where the tax increment financing district will be designated. A designation under this subsection is effective upon approval by the municipal legislative body and, for tax increment financing districts, upon approval by the Commissioner of Economic and Community Development. If the municipality has a charter, the designation of a development district must not be in conflict with the provisions of the municipal charter.

**2. Program.** The legislative body of a municipality shall adopt a development program for each development district. The program shall be adopted at the same time as the district, as part of the district adoption proceedings, or if at a different time, in the same manner as adoption of the district, with the same notice, hearing and consultation requirements of subsection 1. Once approved, the program may be altered or amended only after meeting the requirements for adoption under this subsection.

**3. Powers.** Within development districts, and consistent with the development program, the municipality may acquire, construct, reconstruct, improve, preserve, alter, extend, operate, maintain or promote development intended to meet the objectives of the development program. Pursuant to the development program, the municipality may acquire property, land or easements through negotiation, or by using eminent domain powers in the manner authorized for community development programs under section 5204. The municipality's legislative body may adopt ordinances regulating traffic in and access to any facilities constructed within the development district. The municipality may install public improvements.

### **30A § 5254. Tax increment financing**

**1. Captured assessed value.** The municipality may retain all or part of the tax increment of a tax increment financing district for the purpose of financing the development program. The amount of tax increment to be retained is determined by designating the amount of captured assessed value to be retained. When a development program for a tax increment financing district is adopted, the municipal legislative body shall adopt a statement of the

percentage of captured assessed value to be retained in accordance with the development program. The statement of percentage may establish a specific percentage or percentages or may describe a method or formula for determination of the percentage. The municipal assessor shall certify the amount of the captured assessed value to the municipality each year.

**2. Original assessed value.** On or after formation of a tax increment financing district, the assessor of the municipality in which it is located shall, on request of the municipal legislative body, certify the original assessed value of the taxable property within the boundaries of the tax increment financing district. Each year, after the formation of a tax increment financing district, the municipal assessor shall certify the amount by which the assessed value has increased or decreased from the original value.

**3. Development program fund; tax increment revenues.** If a municipality has elected to retain all or a percentage of the retained captured assessed value under subsection 1, the municipality shall:

A. Establish a development program fund that consists of the following:

(1) A development sinking fund account that is pledged to and charged with the payment of the interest and principal as the interest and principal fall due and the necessary charges of paying interest and principal on any notes, bonds or other evidences of indebtedness that were issued to fund or refund the cost of the development program fund; and

(2) A project cost account that is pledged to and charged with the payment of project costs as outlined in the financial plan and are paid in a manner other than as described in subparagraph (1);

B. Annually set aside all tax increment revenues on retained captured assessed values and all state tax increment revenues payable to the municipality for public purposes and deposit all such revenues to the appropriate development program fund account in the following priority:

(1) To the development sinking fund account, an amount sufficient, together with estimated future revenues to be deposited to the account and earnings on the amount, to satisfy all annual debt service on bonds and notes issued under section 5257 and the financial plan; and

(2) To the project cost account, an amount sufficient, together with estimated future revenues to be deposited to the account and earnings on the amount, to satisfy all annual project costs to be paid from the account;

C. Be permitted to make transfers between development program fund accounts as required, provided that the transfers do not result in a balance in the development sinking fund account that is insufficient to cover the annual obligations of that account; and

D. Annually return to the municipal general fund any tax increment revenues remaining in the development sinking fund account in excess of those estimated to be required to satisfy the obligations of the development sinking fund account after taking into account any transfers permitted by paragraph C. The municipality, at any time during the term of the district, by vote of the municipal officers, may return to the municipal general fund any tax increment revenues remaining in the project cost account in excess of those estimated to be required to satisfy the obligations of the development project cost account after taking into account any transfer permitted by paragraph C. In either case the corresponding amount of local valuation may not be included as part of the retained captured assessed value as specified by the municipality.

Notwithstanding the provisions of section 5253, subsection 1, paragraph F and any other provision of law, in the case of investments exceeding \$100,000,000 in shipyard facilities in districts authorized prior to June 30, 1999, revenues must be set aside and deposited by the municipality to the appropriate development program fund account and expended to satisfy the

obligations of the accounts without the need for further action by the municipality by appropriation or otherwise. Unless otherwise provided by the municipality in connection with its approval of the district, tax increment revenues on all captured assessed value may not be taken into account for purposes of calculating any limitation on the municipality's annual expenditures or appropriations and the payment of tax increment revenues on captured assessed value is not subject to any limitation or restriction on the municipality's authority or power to enter into contracts with respect to making payments for a term equal to the term of the district.

**4. Limitations.** The following limitations apply.

A. Nothing in this section allows or sanctions unequal apportionment or assessment of the taxes to be paid on real property in the State. All real property within the tax increment financing district shall pay real property taxes apportioned equally with property taxes paid elsewhere in the municipality.

B. The municipality shall expend the tax increments received for any development program only in accordance with the financing plan. These revenues shall not be used to circumvent existing tax laws.

**5. Considerations for approval.** Prior to designating a development district within the boundaries of a municipality, or prior to establishing a development program for a designated development district, the legislative body of a municipality must consider whether the proposed district or program will make a contribution to the economic growth or well-being of the municipality or to the betterment of the health, welfare or safety of the inhabitants of the municipality. Interested parties must be given a reasonable opportunity to present testimony concerning the proposed district or program at the hearing provided for in section 5253, subsection 1 or 2. If an interested party claims at the public hearing that the proposed district or program will result in a substantial detriment to that party's existing business in the municipality and produces substantial evidence to that effect, the legislative body must consider such evidence. When considering that evidence, the legislative body also shall consider whether any adverse economic effect of the proposed district or plan on that interested party's existing business in the municipality is outweighed by the contribution made by the district or plan to the economic growth or well-being of the municipality or to the betterment of the health, welfare or safety of the inhabitants of the municipality.

**8. Confidential information.** The following records are designated as confidential for purposes of Title 1, section 402, subsection 3, paragraph A:

A. Any record obtained or developed by a municipality, the Commissioner of Economic and Community Development or the State Tax Assessor for designation or approval of a state tax increment financing district. After receipt by the municipality, the Commissioner of Economic and Community Development or the State Tax Assessor of the application or proposal, a record pertaining to the application or proposal is not considered confidential unless it meets the requirements of paragraphs B to F;

B. Any record obtained or developed by a municipality, the Commissioner of Economic and Community Development or the State Tax Assessor that meets one of the following:

(1) A person, which may include a municipality, to whom the record belongs or pertains has requested that the record be designated confidential; or

(2) The municipality has determined that information in the record gives the owner or a user of that information an opportunity to obtain business or competitive advantage over another person who does not have access to the information or that access to the information by others would result in a business or competitive disadvantage, loss of business or other significant detriment to any person to whom the record belongs or pertains;

C. Any record, including any financial statement or tax return, obtained or developed by the municipality, the Commissioner of Economic and Community Development or the State Tax Assessor, the disclosure of which would constitute an invasion of personal

privacy, as determined by the governmental entity in possession of that record or information;

D. Any record, including any financial statement or tax return, obtained or developed by the municipality, the Commissioner of Economic and Community Development or the State Tax Assessor in connection with any monitoring or servicing activity by the municipality, the Commissioner of Economic and Community Development or the State Tax Assessor that pertains to a state tax increment financing district;

E. Any record obtained or developed by the municipality, the Commissioner of Economic and Community Development or the State Tax Assessor that contains an assessment by a person who is not employed by that municipality or the State of the creditworthiness or financial condition of any person or project; and

F. Any financial statement if a person to whom the statement belongs or pertains has requested that the record be designated confidential.

A person may not knowingly divulge or disclose records declared confidential by this subsection.

**9. Audit process.** Nothing in this section may be construed to limit the State Tax Assessor's authority to conduct an audit of any taxpayer included as a designated business in a development program pursuant to subsection 1-A, paragraph B. If distributions are made to a municipality with respect to a state tax increment financing district, the designated businesses within that district are subject to audit. When it is determined by the State Tax Assessor upon audit that a municipality has received a distribution larger than that to which it is entitled under this section, the overpayment must be applied against subsequent distributions. When there is no subsequent distribution, the designated business or businesses to which overpayments were made are liable for the amount of the overpayments and may be assessed pursuant to Title 36.

### **30A § 5255. Assessments**

**1. Assessments.** The municipality may estimate and assess the following assessments:

A. A development assessment upon lots or property within the development district. The assessment must be made upon lots or property that have been benefited by improvements constructed or created under the development program and may not exceed a just and equitable proportionate share of the cost of the improvement. All revenues from assessments under this paragraph are paid into the appropriate development fund program account;

B. A maintenance assessment upon all lots or property within the development district. The assessment must be assessed equally and uniformly on all lots or property receiving benefits from the development program and the continued operation of the public facilities. The total maintenance assessments may not exceed the cost of maintenance and operation of the public facilities within the district. The cost of maintenance and operation must be in addition to the cost of maintenance and operation already being performed by the municipality within the district when the development district was adopted; and

C. An implementation assessment upon all lots or property within the development district. The assessment must be assessed equally and uniformly on all lots or property receiving benefits from the development program. The implementation assessments may be used to fund activities which, in the opinion of the municipal legislative body, are reasonably necessary to achieve the purposes of the development program. The activities funded by implementation assessments must be in addition to those already conducted within the district by the municipality when the development district was adopted.

**2. Notice and hearing.** Before estimating and assessing an assessment under subsection 1, the municipality must give notice and hold a hearing. Notice of the hearing must be

published at least 10 days before the hearing in a newspaper of general circulation within the municipality. The notice must include:

- A. The date, time and place of hearing;
- B. The boundaries of the development district by legal description;
- C. A statement that all interested persons owning real estate or taxable property located within the district will be given an opportunity to be heard at the hearing and an opportunity to file objections to the amount of the assessment;
- D. The maximum rate of assessments to be extended in any one year, and may include a maximum number of years the assessments will be levied; and
- E. A statement indicating that a proposed list of properties to be assessed and the estimated assessments against those properties is available at the city or town office or at the office of the assessor.

**3. Apportionment formula.** A municipality may adopt ordinances apportioning the value of improvements within a development district according to a formula that reflects actual benefits which accrue to the various properties because of the development and maintenance.

**4. Increase of assessments and extension of time limits.** Assessments may be increased or the period specified may be extended after notice and hearing as required under subsection 2.

**5. Collection.** Assessments assessed under this section shall be collected in the same manner as municipal taxes. The constable or municipal tax collector has all the authority and powers by law to collect the assessments.

If any property owner fails to pay any assessment or part of an assessment on or before the dates required, the municipality has all the authority and powers to collect the delinquent assessments as are vested in the municipality by law to collect delinquent municipal taxes.

#### **30A § 5256. Grants**

A municipality may receive grants or gifts for any of the purposes of this chapter. The tax increment within a development district may be used as the local match for certain grant programs.

#### **30A § 5257. 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, which mature within 20 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 5254 or under section 5255, 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.

#### **30A § 5258. Tax exemption**

All publicly owned parking structures and pedestrian skyway systems are exempt from taxation by the municipality, county and State. This section does not exempt any lessee or person in possession from taxes or assessments payable under Title 36, section 551.

**30A § 5259. Administration**

The legislative body of a municipality may create a department, designate an existing department, office, agency, municipal housing or redevelopment authority, or enter into a contractual arrangement with a private entity to administer activities authorized under this chapter.

**30A § 5260. Advisory board**

The legislative body of a municipality may create an advisory board, a majority of whose members must be owners or occupants of real property located in or adjacent to the development district which they serve. The advisory board shall advise the legislative body and the designated administrative entity on the planning, construction and implementation of the development program and maintenance and operation of the district after the program has been completed.

**30A § 5261. Unorganized territory**

For the purposes of this chapter, a county may act as a municipality for the unorganized territory within the county and may designate development districts within the unorganized territory. When a county acts under this section, the county commissioners act as the municipality and as the municipal legislative body, the State Tax Assessor acts as the municipal assessor and the unorganized territory fund receives the funds designated for the municipal general fund. A development district created under this section is not eligible for state tax increment financing under section 5254-A. For purposes of section 5255, the State acts as the municipal assessing authority.

RULE

19-100 DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT

**Chapter 1: Municipal and State Tax Increment Financing Rule**

*NOTE: Excerpts include Municipal Tax Increment Financing sections only; for State Tax Increment Financing please refer to the complete regulatory language at 19-100 CMR ch. 1.*

**SECTION 1. PURPOSE AND DEFINITIONS.**

**A. PURPOSE**

The municipal and state tax increment finance programs are designed to assist municipalities in encouraging industrial, commercial, or retail development, increasing employment opportunities, and broadening tax bases. This chapter sets forth the provisions by which a municipality may utilize these programs, and describes application requirements, state review procedures, state designation procedures, the calculation of state tax increment, annual reporting requirements, and local program administration. It is the intent of the Department of Economic and Community Development to ensure, to the greatest extent possible, municipal control and responsibility for tax increment financing districts.

**B. DEFINITIONS**

All terms used but not defined in this Chapter shall have the meanings ascribed to those terms in Chapter 207 of Title 30-A of the Maine Revised Statutes, as amended. The following terms shall have the definitions hereinafter set forth:

Base period. "Base period" means the 3 calendar years preceding the calendar year in which an application for approval of a state tax increment financing district is submitted to the Commissioner of Economic and Community Development by a municipality.

Base period report. "Base period report" means those portions of the application submitted to the Commissioner pursuant to 30-A M.R.S.A. §5254-A (I-A) (D) for approval of a state tax increment financing district, that contain information pertaining to designated and affiliated businesses.

Captured assessed value. "Captured assessed value" means the valuation amount by which the current assessed value of the development district exceeds the original assessed value of the district.

Commissioner. "Commissioner" means the Commissioner of the Department of Economic and Community Development.

Committee. "Committee" means the Revenue Forecasting Committee consisting of the State Budget Officer, State Planning Officer, State Tax Assessor, Director of the Office of Fiscal and Program Review, and a university economist appointed by the Governor.

Current report. "Current report" means the annual report submitted to the Committee pursuant to 30-A M.R.S.A. §5254-A(2)(A).

Department. "Department" means the Department of Economic and Community Development.



Development program. "Development program" means a statement of means and objectives designed to improve the quality of life, the physical facilities and structures and the quality of pedestrian and vehicular traffic control and transportation within the development district.

Development program amendment. "Development program amendment" means any change to a state approved development program, including but not limited to the following:

- (a) Alteration of the district boundaries;
- (b) The addition or deletion of project costs to be financed through Tax Increment revenue;
- (c) An increase or decrease in the amount of indebtedness or other project costs to be financed through Tax Increment revenue, and
- (d) Municipal revaluation.

Development program fund. "Development program fund" means the account or accounts into which municipal and state tax increment revenues are deposited. These accounts must be managed in accord with the provisions of 30-A M.R.S.A. §5254, sub-§3.

Financial plan. "Financial plan" means a statement of the costs and sources of revenue required to accomplish the development program.

Fiscal year. "Fiscal year" means the period of time from April 1 through March 31 of each year.

Governing body of the municipality. "Governing body of the municipality" means the legislative body of a municipality at any regular, special or other duly constituted meeting. In accordance with 30-A M.R.S.A. §5261, for tax increment financing in an unorganized territory, the county commissioners shall act as the municipal legislative body.

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

Municipal tax increment financing district. "Municipal tax increment financing district" means a type of development district, or portion of a development district designated to use tax increment financing in accord with 30-A M.R.S.A. §5254.

Physical description. "Physical description" means a description of the tax increment financing district, including:

- (a) Tax maps delineating the property in the proposed tax increment financing district;
- (b) A municipal map showing the site location of the proposed tax increment financing district relative to the municipal boundaries;
- (c) Certification by the municipal tax assessor that this information is accurate, and

- (d) The information required and as depicted in Table 1 in the Appendix.

Record of municipal approval. "Record of municipal approval" means the record of the series of local actions required pursuant to 30-A M.R.S.A. §5253 to designate a development district.

Retail business operation. "Retail Business operation" means a business engaged primarily in making retail sales of consumer goods for household use to consumers who personally visit the location to purchase the goods, or a business providing consumer services for which sales tax is applicable.

## **SECTION 2. APPLICATION REQUIREMENTS**

### **A. GENERAL**

Municipalities wishing to use municipal and/or state tax increment financing to fund development programs must submit an application to the Department conforming in all material respects to the requirements of Sections (B) and (C) below and providing any additional information the Department may request.

In accordance with 30-A M.R.S.A., §5261, a county may act as a municipality for the unorganized territory within that county for purposes of municipal tax increment financing only.

### **B. MUNICIPAL TAX INCREMENT FINANCING APPLICATION**

An application for designation of a municipal tax increment financing district must contain the following:

1. A Development Program; fulfilling the requirements specified in 30-A M.R.S.A. §5252(4), and including:
  - a. a program narrative, and
  - b. a physical description of the district and the project to be financed, as depicted in Table I in the Appendix.
2. A Financial Plan; fulfilling the requirements specified in 30-A M.R.S.A. §5252(5) and including:
  - a. a description of development costs;
  - b. a description of financing structure; and
  - c. development cost estimates and a description of the expected sources and uses of funds to finance the development costs, as depicted in Table 2 in the Appendix.
3. Record of Municipal Approvals; including:
  - a. a certified copy of the notice of public hearing, published at least 10 days prior to the hearing in a newspaper of general circulation;

- b. minutes of the public meeting at which the proposed municipal tax increment financing district was discussed;
- c. a copy of the municipal tax increment financing resolution from the governing body, and
- d. the signature of the municipal officer attesting that all information is true and correct to the best of his or her knowledge.

### **SECTION 3. DEPARTMENT REVIEW**

#### **A. MUNICIPAL TAX INCREMENT FINANCING DISTRICT**

Applications for designation of a municipal state tax increment financing district will be reviewed by the Department, subject to the following provisions:

- 1. Completed applications will be reviewed in the order in which they are received.
- 2. Completed applications must contain current information regarding assessed values as of March 31 immediately preceding the date of receipt by the Department.
- 3. Prior to issuing a Certificate of Approval, the Commissioner must determine that the application is complete and that the revenues to be generated by the proposed district, together with such other sources of revenue as are identified in the application, will be sufficient to pay for the costs to be incurred in implementing the district, and that the application otherwise conforms to these regulations and the law.
- 4. The Department will complete its review of completed applications within 30 working days of submission. Successful applicants will receive a Certificate of Approval in accord with Section 4. Unsuccessful applicants will receive written explanation of the reason for denial.

### **SECTION 4. DEPARTMENT DESIGNATION**

#### **A. MUNICIPAL TAX INCREMENT FINANCING DISTRICT**

Upon determining that an application for designation of a municipal tax increment financing district meets all applicable requirements, the Commissioner shall issue a Certificate of Approval. The Certificate of Approval shall indicate the maximum amount of captured assessed value that is necessary to retire the debt or pay for project costs as described in the applicant's development program. The maximum amount of captured assessed value shall be determined as follows:

- 1. The Department shall first determine from the information presented in the financial plan the maximum amount of tax increment revenue required in any one year to provide for adequate funding of (a) the development sinking fund account established pursuant to 30-A M.R.S.A. §.5254(3) (A) (1) and (b) the project cost account established pursuant to 30-A M.R.S.A. §5254(3) (A) (2)..

2. For the sinking fund, the maximum amount of debt service shall then be divided by the mill rate anticipated in the year in which the maximum amount of debt service is to be incurred. The resulting figure represents the maximum amount of captured assessed value that is necessary to retire the debt incurred in implementing the development program.
3. For the project cost account, the maximum amount of approved annual project costs shall then be divided by the mill rate anticipated in the year in which the maximum amount of project costs are to be incurred, or; the municipality may designate a percentage of total increased assessed value as the captured assessed value, in which case the maximum captured assessed value is determined as set forth in the financial plan.

Unless amended and approved by the Commissioner, such designation shall remain in effect for the shorter of either 30 years or until revenues sufficient to fully fund the sinking fund account and/or project cost account requirements have been realized.

## **SECTION 6. ANNUAL REPORTING REQUIREMENTS.**

### **A. MUNICIPAL TAX INCREMENT FINANCING DISTRICT**

On or before June 30 of each year, a municipality in which a state approved municipal tax increment financing district is located must report the following information to the Department:

1. To the extent to which public improvements and project plans outlined in the development program have been completed.
2. The extent to which debt incurred in implementing the development program has been retired.
3. Any other information specifically requested by the Department.

STATUTORY AUTHORITY:

5 M.R.S.A. § 13058(3)  
30-A M.R.S.A., §5254-A(I-B) (C) and (6)

EFFECTIVE DATE:

June 13, 1994

EFFECTIVE DATE (ELECTRONIC CONVERSION):

May 15, 1996

## APPENDIX

**TABLE 1**

### PHYSICAL DESCRIPTION

1:	Total acreage of municipality:	_____
2:	Total acreage of proposed municipal tax increment financing district:	_____
3:	Percentage of total acreage in proposed municipal tax increment financing district: (Line 1 divided by Line 3 cannot exceed 2%)	_____
4:	Total acreage of all existing and proposed municipal tax increment financing districts in the municipality.	_____
5:	Percentage of total acreage in all existing and proposed municipal tax increment financing districts: (Line 4 divided by Line 1 cannot exceed 5%)	_____
6:	Total acreage of all real property in the proposed municipal tax increment financing district that is:	_____
(a)	Blighted: Line 6.a divided by Line 2:	_____%
(b)	In need of rehabilitation or conservation: Line 6.b divided by Line 2:	_____%
(c)	Suitable for industrial sites: Line 6.c divided by Line 2:	_____%

The percentage resulting from either 6.a, 6.b, or 6.c must equal or exceed 25%.

**TABLE 2**

<b>DEVELOPMENT COSTS</b>					
	<b>Municipal TIF Proceeds</b>	<b>Private Funds</b>		<b>Other (Specify)</b>	
		<b>Equity</b>	<b>Bank(s)</b>		<b>Total</b>
1. Land Acquisition					
2. Building Acquisition					
3. Relocation of Persons and Businesses					
4. Clearance & Demolition					
5. Street & Site Improvements					
6. Water & Sewer Improvements					
7. Building Construction					
8. Parking Facilities					
9. Capital Equipment					
10. Preferred Fees					
11. Administrative Costs					
12. Discretionary Payments					
13. Training Costs					
14. Other Costs					

# NEW REPORTING STATUTE

## **NEW TIF-RELATED STATUTE ON REPORTING REQUIREMENTS**

### **5 MRSA §13070-J. Employer reporting associated with eligibility for public subsidies and incentives**

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

A. "Commissioner" means the Commissioner of Economic and Community Development.

B. "Department" means the Department of Economic and Community Development.

C. "Economic development incentive" means:

(1) Assistance from Maine Quality Centers under Title 20-A, chapter 431-A;

(2) The Governor's Training Initiative Program under Title 26, chapter 25, subchapter IV;

(3) Municipal tax increment financing under Title 30-A, chapter 207;

(4) The jobs and investment tax credit under Title 36, section 5215;

(5) The research expense tax credit under Title 36, section 5219-K;

(6) Reimbursement for taxes paid on certain business property under Title 36, chapter 915; or

(7) Employment tax increment financing under Title 36, chapter 917.

**2. Disclosure.** Each applicant for an economic development incentive described in subsection 1, paragraph C, subparagraphs (1) to (4) and (7) shall at a minimum identify in writing:

A. The public purpose that will be served by the employer through use of the economic development incentive and the specific uses to which the benefits will be put; and

B. The goals of the employer for the number, type and wage levels of jobs to be created or retained as a result of the economic development incentive received.

Applications filed under this subsection are public records for purposes of Title 1, chapter 13.

**3. Report.** Annually, an employer receiving an economic development incentive, the value of which exceeds \$10,000 in one year, shall submit a written report to the commissioner containing but not limited to the following information:

A. The amount of assistance received by the employer in the preceding year from each economic development incentive and the uses to which that assistance has been put;

B. The total amount of assistance received from all economic assistance programs;

C. The number, type and wage level of jobs created or retained as a result of an economic development incentive;



D. Current employment levels for the employer for all operations within the State, the number of employees in each job classification and the average wages and benefits for each classification;

E. Any changes in employment levels that have occurred over the preceding year; and

F. An assessment of how the employer has performed with respect to the public purpose identified in subsection 2, paragraph A, if applicable.

Reports filed under this subsection are public records for purposes of Title 1, chapter 13.

**4. Agency reports.** The following agencies shall submit the following reports.

A. The State Tax Assessor shall submit a report by May 1st of 1999 and each odd-numbered year thereafter to the joint standing committee of the Legislature having jurisdiction over economic and community development matters and the joint standing committee of the Legislature having jurisdiction over taxation matters identifying the amount of public funds spent and the amount of revenues foregone as the result of economic development incentives. The report must identify the amount of the economic development incentives under the jurisdiction of the Bureau of Revenue Services received by each employer to the extent permitted under Title 36, section 191 and other provisions of law concerning the confidentiality of information.

B. The Commissioner of Labor shall report by May 1st annually to the joint standing committee of the Legislature having jurisdiction over economic and community development matters and the joint standing committee of the Legislature having jurisdiction over taxation matters on the amount of public funds spent on workforce development and training programs directly benefiting businesses in the State. The report must identify the amount of economic development incentives under the jurisdiction of the Department of Labor received by each employer and the public benefit resulting from those economic development incentives.

C. The Maine Technical College System shall report by May 1st annually to the joint standing committee of the Legislature having jurisdiction over economic and community development matters and the joint standing committee of the Legislature having jurisdiction over taxation matters on the amount of public funds spent on job training programs directly benefiting businesses in the State. The report must identify the amount of economic development incentives under the jurisdiction of the system received by each employer and the public benefit resulting from those economic development incentives.

D. The department shall report by May 1st annually to the joint standing committee of the Legislature having jurisdiction over economic and community development matters and the joint standing committee of the Legislature having jurisdiction over taxation matters on the amount of public funds spent for the direct benefit of businesses in the State under municipal tax increment financing, employment tax increment financing and the Governor's training initiative. The report must identify the amount of economic development incentives under the jurisdiction of the department received by each employer and the public benefit resulting from those economic development incentives.

**6. Rules.** Rules adopted by the commissioner under this section are routine technical rules as defined in chapter 375, subchapter II-A.

# PROPERTY TAX

## STATUTES

## TIF-RELATED PROPERTY TAX STATUTES

### 36 § 208. Equalization

The State Tax Assessor has the duty of equalizing the state and county taxes among the several towns and unorganized territory. The State Tax Assessor shall equalize and adjust the assessment list of each town, by adding to or deducting from it such amount as will make it equal to its just value as of April 1st. Notice of the proposed valuations of municipalities within each county must be sent annually by certified mail to the chair of the board of assessors, and chair of the board of selectmen in municipalities having selectmen, of each municipality within that county on or before the first day of October. The valuation so determined is subject to review by the State Board of Property Tax Review pursuant to subchapter II-A, but the valuation finally certified to the Secretary of State pursuant to section 381 must be used for all computations required by law to be based upon the state valuation with respect to municipalities.

### 36 § 305. Additional duties

In addition to any other duties of the Bureau of Revenue Services provided in this chapter, it shall:

**1. Just value.** Certify to the Secretary of State before the first day of February the equalized just value of all real and personal property in each municipality and unorganized place that is subject to taxation under the laws of this State, except that percentage of captured assessed value located within a tax increment financing district that is used to finance that district's development plan and the valuation amount by which the current assessed value of commercial and industrial property within a municipal incentive development zone, as determined in Title 30-A, section 5284, exceeds the assessed value of commercial and industrial property within the zone as of the date the zone is approved by the Commissioner of Economic and Community Development, known in this subsection as the "sheltered value," up to the amount invested by a municipality in infrastructure improvements under an infrastructure improvement plan adopted pursuant to Title 30-A, section 5283. The equalized just value must be uniformly assessed in each municipality and unorganized place and be based on 100% of the current market value. It must separately show for each municipality and unorganized place the actual or estimated value of all real estate that is exempt from property taxation by law or is the captured value within a tax increment financing district that is used to finance that district's development plan, as reported on the municipal valuation return filed pursuant to section 383, or that is the sheltered value of a municipal incentive development zone. The valuation as filed remains in effect until the next valuation is filed and is the basis for the computation and apportionment of the state and county taxes;

**2. Services.** Assist the primary assessing areas by providing appropriate technical services which may include, but not be limited to, the following,

- A. Preparation of information or manuals, or both, concerning construction values, prices, appraised guides, statistical tables and other appropriate materials;
- B. Specialized assessing assistance in industrial, commercial and other difficult property assessments as determined by the State Tax Assessor;
- C. Establishment of a coordinate grid system in connection with the State Planning Office for the purpose of uniform identification of property parcels;
- D. Assistance in the preparation of tax maps and methods of updating such maps;
- E. Devising necessary forms and procedures; and
- F. Advice concerning data processing application to assessing.

**3. Report.** Provide a biennial statistical compilation and analysis of property tax assessment practices and pertinent property tax data on a state-wide basis;

**4. Research.** Provide a continuing program of property tax research to improve present laws and practices;

**5. Rules and regulations.** Promulgate, after appropriate notice and hearing, all rules and regulations necessary to carry into effect any of its duties and responsibilities.