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FIRST REGULAR SESSION**

**Final Report  
of the**

**Task Force on State Office Building Location,  
Other State Growth-related Capital Investments  
and Patterns of Development**

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## Executive Summary

The mission of the Task Force to Study State Office Building Location, Other State Growth-related Capital Investments and Patterns of Development is:

*To encourage orderly development and discourage development sprawl in order to enhance the historic role of downtowns, strengthen the State's regional service center communities, promote rural enterprise and preserve the open lands on which rural enterprise depends.*

To carry out this charge, the Task Force reviewed and made recommendations on legislation carried over from the First Regular Session of the 119<sup>th</sup> Legislature. Bills introduced during that session were focused on stimulating the health and well-being of both service center communities and rural areas, including proposals to direct state investments to locally-designated growth areas and downtowns, to value farmland at current use, to support the productive use of farms and to preserve agricultural land and farming activities.

The impetus for the proposed legislation and the Task Force came from the perception that Maine is experiencing sprawl and many state policies inadvertently promote sprawl. Land use patterns and choices are changing the character of Maine and have unseen costs and implications. A 1997 State Planning Office report entitled "The Cost of Sprawl" documented these costs as follows:

- The fiscal costs for taxpayers to essentially re-create a new infrastructure of roads, schools and public services in rural areas, while supporting an older set of public facilities in urban areas, even while the population statewide is barely growing;
- The environmental costs of more air pollution from automobiles, more lake degradation from development runoff, and more fragmentation of wildlife habitats;
- The economic costs from the loss of rural and natural resource-based economies and enterprises when farms, forests, and working waterfronts are converted to low-density residential or commercial development; and
- The social costs of the isolation of the poor and elderly in cities, the disruption of traditional farming and forestry activities in the countryside, and the loss of community connection and social character with the disappearance of traditional neighborhoods.

At the same time, these patterns of development are affecting service centers -- those communities where we work, shop and visit for an array of social, cultural and financial services. These communities are being sapped of economic vitality as middle-income families leave, dependent populations move in, retail trade erodes, job growth slows and

property tax rates climb. These areas will need substantial resources in the near future to reinvest in their infrastructure.

As part of their work, the Task Force developed six objectives for legislation to address sprawl within Maine:

1. To meet the demand of municipalities for establishing new or updating existing comprehensive plans and to assist in their implementation;
2. To maintain the freedom to choose to live where one wishes, understanding that the costs of developing rural lands outside of designated growth areas will be born by individuals based on their decisions;
3. To preserve lands that support rural and natural resource-based economies and enterprises and that provide public access to recreational opportunities and scenic vistas;
4. To put service centers on an equitable fiscal footing, promote the preservation and revitalization of downtowns and reduce the obstacles that unnecessarily inhibit traditional, compact neighborhoods;
5. To recognize the overriding impact of transportation policy on development patterns and design transportation systems that balance the needs of mobility, safety, economic development and quality of life; and
6. To provide an ongoing and broad-based legislative involvement in the issues related to development and sprawl.

Recognizing Maine's framework of strong municipal government, current tax policy and transportation infrastructure, the Task Force's recommendations fall into four policy areas:

***Land Use/Rural Lands:***

- Increase funding for local growth management efforts.
- Create a task force to review Maine's Growth Management Act and Subdivision Law to enhance Maine's ability to control sprawl.
- Give municipalities the tools to use impact fees as a way to apportion the true costs of sprawl.
- Direct state growth-related capital investments to designated growth areas identified in comprehensive plans.
- Provide incentives for communities to renovate their school buildings rather than construct new facilities, and ensure that new schools are located in established neighborhoods or designated growth areas.
- Develop model ordinances for smart growth design standards and flexibility in zoning standards that preserve compact development in designated growth areas.
- Provide for on-going and broad-based legislative involvement in issues related to development and sprawl.

- Enact a farmland adjacency disclosure law and strengthen the Right to Farm law to reduce conflicts in rural areas as they become more urbanized.

***State Investment Policy/Downtowns:***

- Require site selection criteria for state facilities to give preference to downtown areas and service centers. Create a mechanism to provide capital improvements to state leases in downtown areas.
- Encourage downtown revitalization through advocacy, information and technical assistance to municipalities.
- Strengthen the Municipal Investment Trust Fund and authorize downtown improvement loans for infrastructure improvements and revitalization efforts.
- Promote the recovery and redevelopment of “brownfields,” industrial sites that are no longer used and may have environmental contamination problems.
- Review state codes and federal regulations to encourage changes to stimulate the reuse and renovation of existing buildings.
- Create a home ownership program for service center downtown areas to encourage owner-occupied buildings in high rental, low-income areas.

***Transportation Policies:***

- Direct the Department of Transportation to:
  - work with and assist communities to address “smart growth” and preserve traditional downtowns, walkable communities and compact neighborhoods; and
  - work with others in strategic transit planning, connectivity, and innovative transit and transportation projects that address sprawl and air quality issues.
- Invest in urban multimodal transportation projects to lessen the need for expensive highway capacity projects and to revitalize Maine's urban areas.
- Expand the Maine Department of Transportation’s corridor planning process and develop and coordinate an Integrated Transportation Decision-making process.
- Control highway access management to protect state highway investment, safety and quality of life. This includes
  - Reviewing new driveway applications on rural arterial highways;
  - Acquiring key rights-of-way in the corridors of the state’s arterials; and
  - Creating statutory incentives for municipalities to manage access to highways, especially on urban arterial highways.
- Upgrading rural roads so that posted roads no longer stifle rural resource economy areas.
- Increase funding for alternative transportation planning and development.

***Fiscal and Taxation Policies:***

- Reinvigorate the Farmland Tax Law by reducing withdrawal penalties and reimbursing municipalities for lost tax revenues.
- Eliminate the sales tax on electricity used in commercial agriculture, aquaculture and commercial fishing to enhance the economic viability of these ventures.
- Through general revenue sharing, create more financial support for service centers to recognize and support their importance to outlying communities.
- Review Maine tax policy as it affects land use decisions with a focus on encouraging smart growth.

Three pieces of legislation are recommended by the Task Force. One bill combines the land use/rural lands and state investment policies/downtown initiatives. Tax policy changes and transportation issues are included in separate bills.

The projected cost for recommendations included in these initiatives are broken down as follows:

Total One-time funding	\$8.9 million
Total On-going funding	\$22.2 million per year
Total for FY 2001	\$31.1 million

Managing development is an investment in Maine's future. These efforts are costly upfront but as noted in the "Cost of Sprawl" will help Maine avoid more expensive investments in the future and help maintain Maine's traditional rural character.

## I. Introduction

The Task Force to Study State Office Building Location, Other State Growth-related Capital Investments and Patterns of Development (referred to as the Task Force) was established by the 119th Maine Legislature through Resolve 1999, chapter 63.<sup>1</sup> The Task Force was composed of 13 legislators, 5 members from the Senate and 8 members from the House of Representatives. A list of Task Force members together with their committee affiliations is attached as Appendix B.

The Task Force was convened on September 17, 1999, and held 8 meetings through early January, 2000. A brief synopsis of the Task Force meetings is included in Appendix C. The public was invited to comment on the suggested proposals for addressing sprawl and promoting smart growth development at a public hearing.

The duties of the Task Force were to review legislation carried over from the First Regular Session of the 119th Legislature relating to patterns of development and to enlist the assistance of affected agencies, trade organizations, organizations devoted to economic growth and environmental protection and the public to make findings on the following issues:

- The role of state office buildings in the continued viability of downtown service centers;
- Fiscal policies that may push rural lands out of productive use;
- The coordination of state and local urban transportation planning;
- The streamlining of local and state land use rules and regulations;
- Policies to encourage efficient neighborhood and economic development in growth areas; and
- The productive use of farms and woodlands and the preservation of open space around urbanizing areas.

Using this charge as a basis, the Task Force developed and clarified their mission statement as follows:

***The mission of the Task Force is to encourage orderly development and discourage development sprawl in order to enhance the historic role of downtowns, strengthen the State's regional service center communities, promote rural enterprise and preserve the open lands on which rural enterprise depends.***

By sprawl, the task force means low-density development beyond the edge of service and employment, that results in escalating costs for schools, services and infrastructure, and that impacts the continued viability of a natural resource-based economy and the vitality of Maine's traditional downtowns.

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<sup>1</sup> LD 304. See Appendix A for the Resolve.

By downtown, the task force means the traditional central business district of a community, that has served as the center for socioeconomic interaction in the community, and that is characterized by a cohesive core of commercial and mixed-use buildings, often interspersed with civic, religious and residential buildings and public spaces, typically arranged along a main street and intersecting side streets, walkable and served by public infrastructure.

By regional service center communities, the task force means communities that are job and retail centers and that offer an array of social, cultural, health and financial services to the surrounding region. They are the hub communities where people from the surrounding region go to work, shop, get services and turn for help in time of need.

In order to achieve its mission, the objectives of the task force are as follows:

- 1. To meet the demand of municipalities for establishing new or updating existing comprehensive plans and to assist in their implementation;**
- 2. To maintain the freedom to choose to live where one wishes, understanding that the costs of developing rural lands outside of designated growth areas will be born by individuals based on their decisions;**
- 3. To preserve lands that support rural and natural resource-based economies and enterprises and that provide public access to recreational opportunities and scenic vistas;**
- 4. To put service centers on an equitable fiscal footing, promote the preservation and revitalization of downtowns and reduce the obstacles that unnecessarily inhibit traditional, compact neighborhoods;**
- 5. To recognize the overriding impact of transportation policy on development patterns and design transportation systems that balance the needs of mobility, safety, economic development and quality of life; and**
- 6. To provide an ongoing and broad-based legislative involvement in the issues related to development and sprawl.**

## **II. Maine's Land Use Planning Framework**

### ***A. Local Decision-making***

Maine does not have strong county government, instead relying on local control at the municipal level. Regional planning commissions and councils foster better communication and sharing, but decisions are strictly on a town-by-town basis.

Before the 1970's there was little review of development projects in Maine. Statewide review of development projects was adopted in the early 1970s but tended to be project or resource-specific. Individual towns developed comprehensive plans either independently or with the help of the ten regional planning commissions or councils. These comprehensive plans provide the basis for ordinances and identify how a municipality envisions its growth.

### ***B. Community Planning and Land Use Regulation Act***

In 1987, Maine established a Growth Management Act (30-A MRSA, chapter 187) that articulated State goals that municipalities had to meet through their comprehensive plans. The Act had tiered deadlines for towns to develop and adopt comprehensive plans and the ordinances to support them, requiring the fastest growing towns to develop plans first, followed by two tiers of slower growing towns. Municipalities were required to identify growth and rural areas and to adopt ordinances to support these designations. Cost sharing through planning grants for developing comprehensive plans was provided by the Act and towns were not required to develop plans if they did not receive grant assistance. The program was focused on a town-by-town response to growth, easing traffic congestion, preserving rural character and land use regulation.

In 1991, budget cuts resulted in a dismantling of the mandated requirements of the Growth Management Act and much of the funding for municipal planning grants was lost. The tiered deadlines were replaced by a flat 2003 deadline for any community choosing to regulate land uses beyond shoreland zoning and subdivision. Such regulations must be based on a local comprehensive plan and ordinances adopted consistent with the Act.

In 1994, the Legislature increased the flexibility for meeting statutory goals and offered incentives for involvement in the growth management program. Slow-growing towns no longer are required to identify growth areas. Towns with great ponds are required to protect this resource and to minimize phosphorous loading.

Since 1995, the program focus has shifted to examine the forces that shape traditional New England village development and natural resource-based industries and how those relationships have changed. The program has focused more closely on encouraging the efficient use of municipal services while avoiding development sprawl.

Not all towns will receive planning grants to complete and implement their comprehensive plans by 2003. To date 326 of 496 municipalities have received planning grants and 178 towns have adopted comprehensive plans consistent with the Act. A review of how the current Act is operating is found in section III (C).

### *C. Other States' Efforts at Growth Management*

The Task Force reviewed how other states manage their growth. The National Conference of State Legislatures (NCSL) outlined growth management issues and applications in other states for the task force. NCSL noted that other states have focused variable amounts of energy on growth management issues and that most recent legislation has been centered on open space preservation, either to maintain open space or viable rural economies. Within the past 2 years, 15 states enacted or enhanced their open space legislation. Funding mechanisms have included general fund appropriations to purchase development rights for state trust lands; real estate tax and bond funding to provide matching grants to municipalities to create large buffer zones; sales tax revenues to purchase undeveloped lands; and income tax credits to individuals or corporations that donate conservation lands to the state while retaining the right to farm or work the land.

Three states have recently enacted smart growth legislation: Maryland, Florida and Tennessee. In Maryland, a 1997 smart growth package integrated land use planning and financial incentives to channel new development into areas that can support it. Maryland precludes financial assistance for economic development projects that don't conform to local comprehensive plans. This process is designed to maintain community character and to mitigate the increase of rural infrastructure. The new legislation resulted in a 40/60 split for new construction versus renovation of school buildings—a reversal of the previous situation so that funding decisions are weighted toward renovation. Economically disadvantaged communities also are assisted through loans and grants to foster economic development projects.

Florida has focused on revitalizing urban centers, using an integrated program of decision-making at the state, regional, municipal and county levels. The primary focus is "concurrency" -- a comprehensively planned infrastructure of roads, sewer facilities, water lines and parks is required before development projects are approved. Now even schools may be considered a concurrency requirement, however Florida realizes this could create problems because school districts don't always conform to municipal boundaries. Transportation costs must be integrated into school cost formulas. An unintended result of Florida's previous transportation concurrency policy was that roads were driving sprawl. Now, other forms of public transportation must be included in the infrastructure plan and roads do not need to be completed prior to approval of development plans. In 1999, Florida passed the Urban Infill and Redevelopment Act, which gives developers incentives, including waived permit fees and expedited permitting for projects in urban areas.

Tennessee passed legislation in 1998 to set up urban growth boundaries, utilizing a more comprehensive management approach. Tennessee's strong county government system reviews the progress and develops recommended growth plans. The plan must identify urban growth boundaries for each municipality outlining planned growth areas and rural areas within each county. Once the plan is approved, all land use decisions made by the municipality or county must be consistent with the growth plan. After July 1, 2001, state economic development and infrastructure financial assistance will not be available to municipalities and counties that do not have approved growth plans.

Unintended consequences of previous growth management efforts was a recurrent theme of the Task Force's discussion. NCSL has not conducted a comprehensive analysis of what state legislation or policies have contributed to development sprawl in other states. Many states' recent enactments and amendments adjust existing laws that may have been problematic and states are generally using an incremental approach for growth management.

### **III. Recent Efforts Focused on Growth Management**

The focus on land use practices and issues in Maine has been building for several years. This section outlines some of the important work that has recently advanced this discussion and brought this issue to the forefront.

#### ***A. Cost of Sprawl***

Low-density development beyond the edge of service and employment, or sprawl, results in escalating costs for schools, services and infrastructure, and impacts the continued viability of Maine's natural resource-based economy and the vitality of Maine's traditional downtowns.

The State Planning Office worked to identify the costs of low-density development in its 1997 report entitled "The Cost of Sprawl."<sup>2</sup> The report identified broad categories for the costs of sprawl:

- The fiscal costs for taxpayers to essentially 're-create' a new infrastructure of roads, schools, and public services in rural areas while continuing to support the older set of public infrastructure in urban areas, even when the population base is declining.
- The environmental costs of more air pollution from automobiles, more lake degradation from development runoff, and more fragmentation of wildlife habitats.
- The economic costs from the loss of rural and natural resource-based economies and enterprises when farms, forests, and working waterfronts are converted to low-density residential or commercial development.
- The social costs of the isolation of the poor and elderly in cities, the disruption of traditional farming and forestry activities in the countryside, and the loss of community connection and social character with the disappearance of traditional neighborhoods.

#### ***B. Reviving Service Centers***

The Task Force on Regional Service Center Communities was established by the 118<sup>th</sup> Legislature to recommend ways of reversing the decline of Maine's principal service center communities and strengthening them as centers of job creation and for the delivery of critical services to surrounding regions. That task force's 1998 report, "Reviving Service Centers,"<sup>3</sup> emphasized building public awareness of the significance of regional service centers. The study concluded that Maine service center communities are not growing and their economic state is cause for concern. The study listed 5 major areas of recommendations:

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<sup>2</sup> "The Cost of Sprawl." Maine State Planning Office. May 1997.

<sup>3</sup> "Reviving Service Centers." Task Force on Regional Service Center Communities. September 1998.

- Put service centers on equitable fiscal footing by considering second tier revenue sharing, amending school construction and tuition policies, modifying local road policies, and increasing support for special education;
- Invest in service center communities by capitalizing the Municipal Infrastructure Investment Trust Fund, expanding the State Planning Office's regional infrastructure planning grants, targeting Community Development Block Grants to support service centers, increasing home ownership through Maine State Housing Authority's "New Neighbors Program," promoting revitalization of downtowns through an Executive Order for State office buildings to remain in service centers and downtowns, supporting redevelopment of brownfield sites in service center communities, and investing in urban green spaces and cultural arts grant programs;
- Help service centers help themselves through tax policy by amending laws on tax exempt properties, designing optional local sales tax for infrastructure projects, considering an optional split rate property tax (land tax plus improvement tax) on commercial-industrial properties, and creating a tax credit for rehabilitation of historic properties;
- Enhance municipal services through cooperation by implementing the recommendations of the Task Force on Intergovernmental Structure completed in November 1997, providing incentives for joint municipal and education services, and encouraging tax revenue sharing to support regional economic development; and
- Monitor benchmark indicators for service center communities with added indicators for economic vitality, community growth, infrastructure, and overall community well being for the Economic Growth Council's Annual Measures of Growth assessment.

### ***C. State Planning Office Review of Growth Management Law***

The State Planning Office is required to conduct an ongoing "objective and quantitative" evaluation of the effectiveness of state and local efforts under the growth management program in achieving the goals of the program and to report the results of the evaluation process to the Legislature at least every 4 years. In its 1999 evaluation report<sup>4</sup>, the State Planning Office established a baseline for use in future evaluations and reported 4 key findings:

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<sup>4</sup> "Continuing Challenges and Growing Opportunities: Report to the Joint Standing Committee on Natural Resources on Implementing Maine's Growth Management Program." Maine State Planning Office. February 2, 1999.

- Local growth management and the voluntary approach to municipal participation has achieved positive results and should continue;
- Local planning efforts alone are insufficient to protect natural resources and get the greatest return from public investment in infrastructure;
- State support of local growth management must continue in order to reach those communities and regions most at risk from the effects of unplanned growth; and
- State development and funding of a cost-effective and coordinated development tracking system is necessary to measure the effectiveness of investment in growth management.

The State Planning Office made several recommendations for consideration as a result of its review, including the following:

- Allow slow-growing and service center communities flexibility in establishing growth and rural areas;
- Use grants and other tools to help support sustainable natural resource-based economies;
- Develop a tracking system that identifies the location of growth;
- Create incentives and rewards for communities with consistent growth management programs;
- Increase funding for local planning and implementation grants to meet new statutory deadlines;
- Support wider regional protection of wildlife and fisheries habitat and strategies that supplement traditional regulatory approaches to address habitat fragmentation;
- Develop public policy in support of locally-owned natural resource-based industries, including modification of state tax policy;
- Encourage greater use of shared facilities and services; and
- Amend the growth management laws to clarify ambiguities and protect municipalities from certain undeserved consequences of the law.

#### ***D. Eco-Eco Forum***

The Eco-Eco Civic Forum based at the College of the Atlantic is a statewide, nonpartisan group comprised of business, environmental, government and civic leaders pursuing common goals that enhance the economy and ecology in Maine. In 1997 this group helped focus attention on sprawl with their conference on the “Paradox of Sprawl.” This conference recommended that for Maine to succeed it will need to use a non-regulatory approach to encourage better development patterns. The Eco-Eco steering committee decided to take this issue statewide by hosting 8 well-attended regional smart growth forums in 1998. Eco-Eco has continued its work in 1999 and into 2000 through

the Maine Smart Growth Forum, which divided into 4 subcommittees and meets on smart growth issues.

- The Rural Places Committee focuses on keeping rural lands active and healthy by promoting mechanisms to encourage the productive use of rural lands, providing traditional resource-based industries with opportunities for value-added business, providing poorer rural towns with the financial ability to sustain local services, and keeping those who work the land free of conflicts with advancing suburban development.
- The Service Center Committee strives to put service center communities on equitable fiscal footing with fast-growing communities through state funding of school construction, roads and community revenue sharing.
- The Consumer Demand Committee concentrates on issues related to housing development and the obstacles that inhibit the development of traditional compact neighborhoods.
- The Fast-Growing Suburbs Committee directs their attention to the fast-growing suburbs as these towns struggle to absorb new residential development and provide adequate municipal facilities, including schools, solid waste disposal, roads, fire and police protection, and other necessary services.

These four committees developed recommendations for the full forum in the following areas: transportation, tax policy, municipal ordinances, historic preservation, capital investment and incentives, education/marketing programs, environmental regulation, comprehensive planning, business assistance, intergovernmental coordination, land acquisition and credits, state funding formulas, urban design, right to farm, and environmental quality.

In response to the work of the Task Force, Eco-Eco organized their recommendations to more closely align with the Task Force's 3 advisory working groups. The Eco-Eco Smart Growth Forum recommendations that were presented to the Task Force include:

- **Land Use/Rural Issues:** In the short term, remove the current penalties under Maine's Farm and Open Space Tax program and repeal the sales tax on electricity used by farms. In the long term explore opportunities for other changes to tax programs by shifting from penalties to incentives and provide business, marketing and technical assistance for better wildlife, resource, and community planning.
- **Service Center Communities and State Investments:** In the short term, support existing legislative proposals directing state investments to service centers and growth areas, provide funding for the Maine Infrastructure Trust

Fund to support local services in designated growth areas, and strengthen Maine's downtowns through preservation and revitalization of downtown residential and commercial facilities. In the long term, review tax policies and opportunities to provide a tax credit for dense residential development in designated areas, remove impediments to rehabilitating and creating new traditional neighborhoods, and develop a model design guideline book to help communities address land use issues in their downtown and commercial areas.

- **Transportation:** In the short term, support giving more authority to the Department of Transportation to review new driveway applications on rural arterial highways and create statutory incentives for municipalities to manage access to highways. In the long term support purchase of development rights adjacent to priority highways, emphasize urban multimodal transportation projects to revitalize Maine's urban areas, and eliminate the urban highway match requirement for urban municipalities to share the cost of arterial reconstruction projects.

### *E. Governor's Cabinet on Smart Growth*

In the summer of 1999, Governor King formed a sub-cabinet working group to consider how State government can support the kind of growth Mainers are speaking out about. The working group was chaired by the Commissioner of Transportation and included commissioners or their designees and other personnel from 11 state agencies. The Governor challenged the working group to devise an action plan that would assure a strong rate of return on public investment, renewed commitment to environmental stewardship and stepped up efforts to build and strengthen community. Four principles were presented to the working group to guide the strategic planning process:

- That individuals be free to choose where to live;
- That individuals bear the costs of their decisions;
- That healthy places don't die; and
- That developers are allies in implementing public policy.

In developing proposed actions, the Governor suggested that cabinet members review their agency operations, policies, laws and regulations and investment decision-making processes that may unintentionally serve to erode the vitality of service centers, the viability of rural enterprises and working waterfronts and the ability of developers and communities to build and maintain strong neighborhoods.

The Governor's working group developed one overarching goal to focus its 1-year and 3-year action plans: to maintain Maine's competitive advantage as one of the most livable places in the United States -- a place with growing, vital cities and towns; a productive countryside; and a revered natural environment. This goal was compared against measurable objectives concerning the growth of service center and downtown

communities; the continued viability of commercial agriculture, aquaculture and silvaculture activities; the existence of high-value aquatic and terrestrial habitats; the increased use of passenger transportation options; and the greater utilization of designated growth areas.

To achieve these objective, the working group’s one-year action plan recommends:

- Limiting state growth-related capital investments to areas designated in comprehensive plans and ordinances;
- Increasing funding of local comprehensive plans and implementation programs and expanding regional technical assistance to provide assistance to local governments;
- Amending the Farm and Open Space Tax Law by reducing the penalty for withdrawal and reimbursing municipalities for reduced tax base due to farmland classification and providing updated guidelines for assessors to use for valuing farmland;
- Eliminating the sales tax on electricity used in commercial agriculture, commercial fishing and commercial aquaculture productions;
- Creating and capitalizing a "Downtown Fund" and delivering a program to facilitate investment in downtown infrastructure;
- Assisting service centers that are losing population to out-migration by reducing the impact of population loss in the school funding and community revenue sharing formulas;
- Protecting state highway investments through access management; and
- Strengthening the right-to-farm law for areas located outside of locally-designated growth areas.

The working group’s 3-year action plan addresses enhancing the public benefit through State capital investments, keeping rural lands ecologically and economically productive, keeping service centers and downtown areas vital, reforming land use ordinances to allow the “Great American Neighborhood” and maintaining a progress report on service centers, surroundings suburbs and rural towns.

## **IV. Proposals in the 119<sup>th</sup> Legislature**

In the First Regular Session of the 119<sup>th</sup> Legislature, 5 bills were introduced to address growth management and sprawl issues and carried over to the Second Regular Session. The issues in these bills are outlined in Appendix D. To review the various themes and issues that these bills sought to address, the Task Force broke into three advisory working groups that included members from affected agencies; trade, economic development and environmental protection organizations; and the general public. Legislative membership of those working groups is included in Appendix E.

The Land Use Policy and Rural Lands Advisory Working Group considered issues related to land use planning and productive use of farms and woodlands; the State Investment and Downtown Policy Advisory Working Group studied State office building location and downtown/service center viability issues; and the Transportation Policy Advisory Working Group reviewed transportation planning efforts. Fiscal and taxation issues cut across these working groups and were reviewed by each.

The three pieces of legislation recommended by the Task Force are included in Appendix G.

## V. Task Force Objectives and Recommendations

The Task Force developed six major objectives as part of its review. These objectives are listed below with recommendations to achieve them. Where appropriate, the estimated costs associated with each recommendation are identified.

***Objective #1: To meet the demand of municipalities for establishing new or updating existing comprehensive plans and assist in their implementation.***

**Recommendation 1-1:** Increase funding for local growth management to be used for planning and implementation grants, plan updates, smart growth initiatives, pilot projects and for additional financial and technical assistance to municipalities through the regional councils. The State Planning Office should give priority to funding innovative projects that focus on smart growth initiatives around the State. Encourage the State Planning Office to work with municipalities and the regional councils to make “smart growth” a theme throughout the planning process and to make the growth management program responsive to areas with the greatest growth pressure. Establish the position of State Geographic Information System Coordinator Provide to coordinate the relationship among the state, municipalities, regional agencies, quasi-public companies and private companies to encourage more efficient use of geographic information systems in the development of local growth management programs.

Funding:

**\$3.05 million one-time appropriation** (\$2.05 million for planning and \$1 million for regional councils to provide technical assistance)

**\$700,000 per year appropriation** for implementation grants, plan updates, smart growth initiatives and pilot projects

**\$85,000 per year appropriation** for one new GIS Coordinator position

**Recommendation 1-2:** Create a legislative task force to review the Growth Management Act and the Subdivision Law.

- Membership: 16 members appointed by the President and the Speaker - 3 Legislators, at least 2 of whom serve on the Natural Resources Committee (2 appointed by the Speaker and 1 appointed by the President), the Director of the State Planning Office or the director’s designee, the Commissioner of the Department of Environmental Protection or the Commissioner’s designee, the Commissioner of the Department of Economic and Community Development or the Commissioner’s designee, 2 members representing environmental interests, 3 members representing municipal interests, 2 members representing regional councils, 1 member representing a statewide planning association and 2 members representing real estate or development interests

- Duties:
  - A. The task force should conduct a targeted review of the Growth Management Act with the goal of improving the law to make it more responsive to the issues of sprawl. In its review, the task force should evaluate whether the growth management program works well in very small municipalities and in municipalities experiencing greater or less growth. The task force should also consider ways to strengthen the State's enabling legislation for impact fees. The task force should develop recommendations to make the Growth Management Act more effective in controlling sprawl, including recommendations on funding, staffing and statutory changes. In developing its recommendations, the task force should consider appropriate regional models for growth management.
  - B. The task force should establish an advisory working group, including people outside of the task force, to review municipal subdivision law and its impact on local planning and growth management and to consider recommendations to streamline the local review process and to make the law a more effective tool in the planning process. The task force may establish additional advisory working groups, as it considers appropriate.
- Recommended reporting date: December 1, 2000

***Objective #2: To maintain the freedom to choose to live where one wishes, understanding that the costs of developing rural lands outside of designated growth areas will be borne by individuals based on their decisions.***

**Recommendation 2-1:** Assist municipalities in utilizing impact fees to apportion the costs of infrastructure improvements necessitated by new development by adding schools to the list of infrastructure facilities for which impact fees may be used and initiating a review of the enabling legislation for impact fees to provide municipalities with the tools and guidance they need to enact ordinances that require the payment of impact fees.

***Objective #3: To preserve lands that support rural and natural resource-based economies and enterprises and that provide public access to recreational opportunities and scenic vistas.***

**Recommendation 3-1:** Amend the Farmland Tax Law to reduce the withdrawal penalty to the minimum penalty required by the State Constitution. Provide reimbursement to municipalities for tax revenues lost as a result of land enrolled in the Farmland Tax Program by expanding the Tree Growth reimbursement program to include farmland.

Funding:        **\$300,000 per year appropriation**

**Recommendation 3-2:** Require the Department of Agriculture and the Bureau of Revenue Services to update the valuation guidelines for the valuation of farmland on a regional basis and to update the guidelines every 2 years.

**Recommendation 3-3:** Eliminate the sales tax on electricity used in commercial agriculture and aquaculture production and commercial fishing.

Funding:        **\$405,000 per year lost revenue**

**Recommendation 3-4:** Establish a legislative study of tax policy as it affects land use decisions with a goal of promoting smart growth land use patterns (see recommendation 6-1).

**Recommendation 3-5:** Require the State's Land and Water Resources Council to submit a report to the Legislature by January 15, 2001 with an evaluation of and recommendations on the use of incentives to keep land undeveloped.

**Recommendation 3-6:** Enact a farmland adjacency disclosure law and strengthen the Right to Farm law to reduce conflicts in rural areas that are becoming urbanized.

*Objective #4: To put service centers on an equitable fiscal footing, promote the preservation and revitalization of downtowns and reduce the obstacles that unnecessarily inhibit traditional, compact neighborhoods.*

**Recommendation 4-1:** Direct state growth-related capital investments to locally-designated growth areas as identified in a comprehensive plan or, in areas without a comprehensive plan, to areas served by a public sewer system with the capacity to accept the project, areas identified as census designated places or compact areas of urban compact communities.

**Recommendation 4-2:** Require the Bureau of General Services to develop site selection criteria through rulemaking that gives preference to the location of state facilities first in service center downtowns, next in service center growth areas and then in downtowns and growth areas in other communities. Create a Downtown Leasehold Improvement Fund to provide for necessary capital improvements to state leases in buildings located in downtowns to help establish appropriate spaces for state office buildings and courts in downtowns.

Funding:        **\$800,000 one-time appropriation**

**Recommendation 4-3:** Expand funding of the School Revolving Renovation Fund to increase renovations of existing schools.

**Recommendation 4-4:** Support and expand efforts to ensure that new schools are located in established neighborhoods or designated growth areas when possible. Require municipalities in which new school construction projects will be located to consider, with the assistance of the State Planning Office, priority locations in selecting a school building site. Priority locations include locally-designated growth areas as identified in a comprehensive plan or, in areas without a comprehensive plan, areas served by a public sewer system with the capacity to accept the project, areas identified as census designated places or compact areas of urban compact communities. If a municipality does not select a priority location, require the municipality to provide a written explanation to the State Board of Education explaining why a priority site was not selected and to certify that the municipality’s land use regulations do not prohibit denser residential development within 1/4 mile of the school property. Encourage the Department of Education to continue to review guidelines for new and renovated schools, including guidelines for waivers for contiguous playing fields, and to work closely with the State Planning Office during the site review process.

**Recommendation 4-5:** Establish a second-tier general revenue sharing fund targeted for service centers and supported by dedicating an amount equal to up to 0.9% of sales and income taxes in the same manner that funds are dedicated for the current revenue sharing program. Distribute the fund based on a formula that considers the non-education portion of the municipal budget to define the property tax burden factor.

Funding:            **Approximately \$20 million per year**

**Recommendation 4-6:** Amend and capitalize the Municipal Investment Trust Fund to authorize downtown improvement loans to municipalities with designated downtowns for infrastructure improvements; smart growth projects, including pilot projects that demonstrate smart growth techniques, promote the “Great American Neighborhood” and restore vitality to endangered neighborhoods; hiring of downtown managers; purchase of development rights for urban green space and protection of rural lands; establishment or revitalization of urban parks and green spaces, including elm trees; and innovative strategies to address parking issues.

Funding:            **\$5 million one-time appropriation**

**Recommendation 4-7:** Direct the State Fire Marshal’s Office to convene a stakeholders group, including the Department of Public Safety, the Historic Preservation Commission, local code enforcement officers and disability rights advocates, to review state codes and federal regulations that restrict the reuse of existing structures and to recommend revisions to encourage renovation of existing buildings. The stakeholders group should review New Jersey’s rehabilitation subcode for existing buildings undergoing renovations.

**Recommendation 4-8:** Establish a Maine Downtown Center within the Department of Economic and Community Development to encourage downtown revitalization through advocacy, information, training and technical assistance to municipalities.

Funding:        **\$250,000 per year for 4 years for 1 new position and technical assistance**

**Recommendation 4-9:** Encourage the redevelopment of brownfields by requiring the State Planning Office and the Department of Environmental Protection to promote the Maine Municipal Brownfields Revolving Loan Fund and the Voluntary Response Action Program and to report to the Legislature by January 15, 2001 with an evaluation of the initiative and recommendations for expanding the redevelopment of brownfields in the state.

**Recommendation 4-10:** Create a homeownership program for service center downtown areas, administered by the Maine State Housing Authority and modeled after the authority's "New Neighbors Program". The program should be designed to encourage owner-occupied 1 to 4 unit buildings in high rental, low-income areas.

**Recommendation 4-11:** Require the State Planning Office to work with municipalities and regional planning commissions to develop model ordinances that accommodate smart growth design standards and provide for flexibility in zoning regulations to allow for traditional, compact development in designated growth areas and to preserve and revitalize existing neighborhoods.

*Objective #5: To recognize the overriding impact of transportation policy on development patterns and to design transportation systems that balance the needs of mobility, safety, economic development and quality of life.*

**Recommendation 5-1:** Direct the Maine Department of Transportation's Bureau of Planning, Research and Community Services to work cooperatively with the State Planning Office and regional councils to provide training, technical assistance and information to municipalities on road planning, road maintenance, sidewalks and neighborhood involvement to assist them in addressing 'smart growth' by preserving traditional downtowns, walkable communities and compact neighborhoods.

**Recommendation 5-2:** Direct the Maine Department of Transportation to convene a strategic planning process to address challenges such as administrative streamlining of transit funding, marketing, and redesign of transit to appeal to a wider range of customers,

innovative financing of transit projects, connectivity to airports and rail, and other issues. The department should present a status report to the Legislature's Joint Standing Committee on Transportation. The department could seek federal funds to assist with this study.

**Recommendation 5-3:** Direct the Maine Department of Transportation to work with the Department of Human Services and the Department of Environmental Protection to identify funding sources for innovative transit and transportation projects that address sprawl and air quality issues. The departments may pursue federal grants or funds to assist with this study.

**Recommendation 5-4:** Invest in urban multimodal transportation projects, recognizing that intercity passenger transportation systems are important opportunities to lessen the need for expensive highway capacity projects and to revitalize Maine's urban areas. The Department of Transportation should include a status report on transportation investments in urban areas as part of its biennial Capital Improvement Program update.

**Recommendation 5-5:** Expand the Maine Department of Transportation's corridor planning process and develop an Integrated Transportation Decision-making process to bring together all interagency stakeholders to assure a coordinated investment approach.

**Recommendation 5-6:** Manage highway access to protect state highway investment, safety and quality of life through the following measures: give the Department of Transportation and municipalities more authority to review new driveway applications on rural arterial highways; acquire key rights-of-way in the corridors of the state's arterials; and create statutory incentives for municipalities to manage access to highways, especially on urban arterial highways. Amend the access management law and provide state funding for the purchase of development rights adjacent to priority highways and highway access rights.

**Recommendation 5-7:** Expand funding to upgrade roads in order to eliminate posted roads from affecting rural resource economy areas.

**Recommendation 5-8:** Provide funding for alternative transportation to return to the general fund support level of the 1980's, adjusted for inflation.

Funding:        **\$500,000 per year**

*Objective #6: To provide an ongoing and broad-based legislative involvement in the issues related to development and sprawl.*

**Recommendation 6-1:** Encourage the 120th Legislature to continue legislative involvement in issues related to patterns of development and sprawl, either by reestablishing the Task Force or by establishing a Joint Select Committee on Smart Growth with members from the 7 joint standing committees represented on the Task Force (see Appendix F for a draft joint order to establish a Joint Select Committee on Smart Growth).

## VI. Costs of Recommendations

The costs to implement the recommendations of the Task Force are outlined below. They are broken down by one-time costs, meaning those costs that will only occur in FY 2000-01 and on-going costs that need to be funded on a continual basis.

### *One-time Funding*

- 1-1: \$3.05 million for local growth management programs
  - \$2.05 million for planning grants (to complete all communities)
  - \$1 million for regional councils to provide technical assistance
- 4-2: \$800,000 for Downtown Leasehold Improvement Fund
- 4-6: \$5 million for downtown improvement loans from the Municipal Infrastructure Trust Fund

### *Ongoing Funding*

- 1-1: \$700,000 per year for implementation grants, plan updates, smart growth initiatives, and pilot projects  
\$85,000 per year for Statewide GIS Coordinator
- 3-1: \$300,000 per year for Farmland Tax Program reimbursement
- 3-3: \$405,000 per year lost revenue from sales tax on electricity
- 4-5: Approximately \$20 million per year for second-tier general revenue sharing
- 4-8: \$250,000 per year for the Maine Downtown Center
- 5-8: \$500,000 per year for alternative transportation funding

**Total One-time Funding = \$8,850,000**

**Total Ongoing Funding = \$22,240,000**

**Total Funding FY 2001 = \$31,090,000**

## VII. Conclusion

Three pieces of legislation are recommended by the Task Force. One bill combines the land use/rural lands and state investment policies/downtown initiatives. Tax policy changes and transportation issues are included in separate bills. The projected cost for recommendations included in this initiative are broken down as follows:

Total One-time funding	\$8.9 million
Total On-going funding	\$22.2 million per year
Total for FY 2001	\$31.1 million

Maine's rural environment is one of the State's finest assets and supports traditional industries that are an important part of Maine's heritage and social fabric. Yet low-density commercial and residential sprawl are disrupting traditional land use patterns; escalating costs for schools, services and infrastructure; and undermining the viability of Maine's traditional downtowns and village centers.

A long-standing goal of the State of Maine is "to encourage orderly growth and development in appropriate areas of each community while protecting the State's rural character, making efficient use of public services and preventing development sprawl."<sup>2</sup> Both service center communities that are the State's job centers and rural communities whose lands support natural resource-based enterprises are essential to the State's economy.

The health of these communities and their lands and the costs of delivering public services are affected by state policies on capital investments, taxation, land use regulation, transportation and the location of state office buildings. There is a growing tendency for public agencies to shift locations of their offices away from downtown areas to more rural suburban communities and to make other growth-related capital investments away from these downtown areas. These relocations and the redirection of other state investments can have a devastating impact on the economic and social viability of downtown areas and service center communities or may bring about undesirable patterns of development. The shift of population outward into rural communities and the expense of services necessary to support that shift has created unintended consequences: fiscal, environmental, economic, and social costs all related to a spread-out pattern of development often known as sprawl.

Managing growth and development is an investment in Maine's future while ensuring we maintain the character of our state. These efforts are costly upfront but as noted in the "Cost of Sprawl" will help Maine avoid more expensive investments in the future and help maintain Maine's traditional rural character.

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<sup>2</sup> Title 30-A, section 4312

***APPENDIX A***

## CHAPTER 63

H.P. 226 - L.D. 304

### **Resolve, to Establish the Task Force on State Office Building Location, Other State Growth-related Capital Investments and Patterns of Development**

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

**Whereas,** both service center communities that are the State's job centers and rural communities whose lands support natural resource-based enterprises are essential to the State's economy; and

**Whereas,** the health of these communities and their lands and the costs of delivering public services are affected by state policies on capital investments, taxation, regulation and the location of state office buildings; and

**Whereas,** there is a growing tendency for public agencies to shift locations of their offices away from downtown areas of service center communities to suburban communities and to make other growth-related capital investments away from these downtown areas; and

**Whereas,** these relocations and redirection of other state investments may have a devastating impact on the economic and social vitality of downtown areas or service center communities or bring about undesirable patterns of development; and

**Whereas,** a long-standing goal of the State, as expressed in the Maine Revised Statutes, Title 30-A, section 4312, is to encourage orderly growth and development in appropriate areas of

each community while protecting the State's rural character, making efficient use of public services and preventing development sprawl; and

**Whereas,** a study of these issues must be initiated promptly in order that the study may be completed and a report submitted in time for the next legislative session; 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

**Sec. 1. Task force established. Resolved:** That the Task Force on State Office Building Location, Other State Growth-related Capital Investments and Patterns of Development, referred to in this resolve as the "task force," is established; and be it further

**Sec. 2. Membership. Resolved:** That the task force consists of 13 members appointed as follows.

1. The President of the Senate shall appoint 5 members from the Senate, including one from each of the following committees: the Joint Standing Committee on Natural Resources, the Joint Standing Committee on Business and Economic Development, the Joint Standing Committee on Transportation, the Joint Standing Committee on Taxation and the Joint Standing Committee on Agriculture, Conservation and Forestry.

2. The Speaker of the House of Representatives shall appoint 8 members from the House of Representatives, including at least one from each of the following committees: the Joint Standing Committee on Natural Resources, the Joint Standing Committee on Business and Economic Development, the Joint Standing Committee on Transportation, the Joint Standing Committee on Taxation, the Joint Standing Committee on Agriculture, Conservation and Forestry, the Joint Standing Committee on State and Local Government and the Joint Standing Committee on Education and Cultural Affairs; and be it further

**Sec. 3. Chairs. Resolved:** That the first Senate member named is the Senate chair and the first House member named is the House chair; and be it further

**Sec. 4. Appointments; meetings. Resolved:** That all appointments must be made no later than 30 days following the effective date of this

resolve. The appointing authorities shall notify the Executive Director of the Legislative Council upon

making their appointments. The chairs of the task force shall call and convene the first meeting of the task force within 30 days of the date that the last member is appointed. The task force may hold up to 6 meetings and shall conduct at least one public hearing on its recommendations prior to submitting its final report to the Legislature; and be it further

**Sec. 5. Responsibilities. Resolved:** That the responsibilities of the task force include:

1. Reviewing legislation relating to patterns of development carried over by the First Regular Session of the 119th Legislature and making findings on the following issues:

A. The role of state office buildings in the continued viability of downtown service centers within the State and the impact of growth-related capital investments and location decisions by the State, drawing on the concepts contained in Legislative Document 1080, "An Act to Direct State Capital Investments to Locally Designated Growth Areas," and Legislative Document 1414, "Resolve, to Support Downtown Revitalization through the Location of State Facilities and Targeting Economic Development Funding";

B. Fiscal policies that may have the effect of pushing rural lands out of productive use, including issues raised in Legislative Document 544, "An Act to Value Homestead Exemption Farm Land at Current Use," placing unintended burdens on service center communities or promoting development sprawl;

C. Coordination of state and local urban transportation planning and streamlining of local and state land use rules and regulations, including highway access management, to permit and encourage efficient neighborhood and economic development in growth areas;

D. The productive use of farms and woodlands and the preservation of open space around urbanizing areas, including issues raised in Legislative Document 449, "An Act Requiring Disclosures to be Made to Purchasers of Land Abutting Agricultural Land"; and

E. Such other areas as the task force considers appropriate.

In making its findings, the task force shall draw upon past work of the Legislature and state agencies, including the

recommendations of the Task Force on Regional Service Center Communities contained in its September 1998 report, "Reviving

Service Centers," and the findings of the State Planning Office in its May 1997 report, "The Cost of Sprawl";

2. Assessing how other states have responded to these issues; and

3. Based on its findings, making recommendations to the Legislature concerning pending legislation and, as necessary to implement its findings, preparing legislation to promote orderly development, to ensure that state offices continue to enhance the historic role of downtowns, to strengthen the State's regional service center communities, to promote rural enterprise and preserve the open lands on which rural enterprise depends and to discourage development sprawl. In preparing its recommendations, the task force shall rely to the greatest extent possible on nonregulatory means to achieve these objectives, including tax policies, financial incentives and disincentives, capital investment policies, streamlining of regulations for development proposed in locally designated growth areas, downtown and historic preservation reinvestment policies, right-to-farm provisions and similar mechanisms. The task force shall make recommendations consistent with the goals and local planning mechanisms of the Maine Revised Statutes, Title 30-A, sections 4301 to 4349; and be it further

**Sec. 6. Working groups. Resolved:** That the task force shall form advisory working groups from among affected agencies, trade organizations, organizations devoted to economic growth and environmental protection and the public to help carry out its responsibilities; and be it further

**Sec. 7. Compensation. Resolved:** That members of the task force are entitled to receive the legislative per diem and reimbursement of necessary expenses for their attendance at authorized meetings of the task force. Participants in the advisory working groups serve without compensation; and be it further

**Sec. 8. Staff assistance. Resolved:** That, upon approval of the Legislative Council, the Office of Policy and Legal Analysis shall provide necessary staffing services to the task force; and be it further

**Sec. 9. Reporting dates. Resolved:** That the task force shall submit its report by December 15, 1999, together with any implementing legislation, to the joint standing committees of the Legislature represented on the task force. If the task force requires an extension of time to submit its reports or legislation, it may apply to the Legislative Council, which may grant the extension; and be it further

**Sec. 10. Task force budget. Resolved:** That the chairs of the task force, with assistance from the task force staff, shall administer the task force's budget. Within 10 days after its first meeting, the task force shall present a work plan and proposed budget to the Legislative Council for approval. The task force may not incur expenses that would result in the task force's exceeding its approved budget; and be it further

**Sec. 11. Appropriation. Resolved:** That the following funds are appropriated from the General Fund to carry out the purposes of this resolve.

**1999-00**

**LEGISLATURE**

**Task Force on State Office Building  
Location, Other State Growth-related  
Capital Investments and Patterns of Development**

Personal Services	\$4,290
All Other	4,400

Provides funds for the per diem and expenses of legislative members of the Task Force on State Office Building Location, Other State Growth-related Capital Investments and Patterns of Development and to print the required report.

**LEGISLATURE**

**TOTAL**

\$8,690

**Emergency clause.** In view of the emergency cited in the preamble, this resolve takes effect when approved.

Effective June 10, 1999.

## **APPENDIX B**

### *List of Task Force Members*

#### **TASK FORCE ON STATE OFFICE BUILDING LOCATION, OTHER STATE GROWTH-RELATED CAPITAL INVESTMENTS AND PATTERNS OF DEVELOPMENT**

(Resolves, c. 63)

**Sen. Sharon Treat, Senate Chair**

P. O. Box 12  
Gardiner, ME 04345  
Tel: 582-6702

**Joint Standing Committee on  
Natural Resources**

**Rep. Kenneth T. Gagnon, House Chair**

1 Clearview Avenue  
Waterville, ME 04901  
Tel: 872-2338

**Joint Standing Committee on  
Taxation**

**Sen. William B. O'Gara**

29 Cardinal Street  
Westbrook, ME 04092  
Tel: 774-9467

**Joint Standing Committee on  
Transportation**

**Sen. Beverly Daggett**

16 Pine Street  
Augusta, ME 04330  
Tel: 622-9053

**Joint Standing Committee on  
Taxation**

**Sen. Bruce MacKinnon**

305B Webhannet Drive  
Wells, ME 04090  
Tel: 641-2694

**Joint Standing Committee on  
Business and Economic  
Development**

**Sen. R. Leo Kieffer**

12 Harvest Rd.  
Caribou, ME 04736  
Tel: 493-2694

**Joint Standing Committee on  
Agriculture, Conservation and  
Forestry**

**Rep. David M. Etnier**

RR 1, Box 539  
Harpwell, ME 04079  
Tel: 833-2378

**Joint Standing Committee on  
Natural Resources**

**Rep. Laura J. Sanborn**  
RR 1, Box 332  
Old Town, ME 04468  
Tel: 394-4401

**Rep. Ronald E. Usher**  
342 Saco Street  
Westbrook, ME 04092  
Tel: 207-854-8530

**Rep. Carol Weston**  
RR 1, Box 3210  
Montville, ME 04941  
Tel: 207-589-4481

**Rep. Randall L. Bumps  
State**  
Lakeview Drive  
RR 1, Box 1555  
South China, ME 04358  
Tel: 207-968-3030

**Rep. Peter E. Cianchette**  
988 Sawyer Street  
South Portland, ME 04106  
Tel: 207-799-5680

**Rep. Clifton E. Foster**  
P. O. Box 157  
Gray, ME 04039  
Tel: 207-657-4756

**Joint Standing Committee on  
Transportation**

**Joint Standing Committee on  
Business and Economic  
Development**

**Joint Standing Committee on  
Education and Cultural Affairs**

**Joint Standing Committee on  
and Local Government**

**Joint Standing Committee on  
Taxation**

**Joint Standing Committee on  
Agriculture, Conservation and  
Forestry**

**STAFF:**

**Amy B. Holland, Legislative Analyst**  
Office of Policy and Legal Analysis  
13 State House Station, 45 Memorial Circle  
Augusta, ME 04333-0013  
Tel: 207-287-1670

**Alison L. Ames, Legislative Researcher**  
Office of Policy and Legal Analysis  
13 State House Station, Rm. 101  
Augusta, ME 04333-0013  
Tel: 207-287-1670

## ***APPENDIX C***

### ***Synopsis of Task Force Meetings***

#### **Meeting #1 September 17, 1999**

The first meeting of the Task Force focused on reviewing the Task Force's charge and identifying other groups currently studying the issue, and determining the specific issues to be addressed by the Task Force. The Task Force received a presentation on the Governor's Smart Growth Cabinet Subcommittee from the Commissioner of the Maine Department of Transportation. In addition, the Director of the State Planning Office spoke to the Task Force and showed "The Patterns of Growth," a slide presentation on the increasing rate of household development and urbanization in Maine since the 1940s. Also the chair of the Eco-Eco Smart Growth Forum, a diverse non-partisan citizen-based coalition created by a 1993 executive order, addressed the Task Force and reported on that group's efforts to study and affect decisions about growth management. The remainder of the first meeting was spent formulating the Task Force's work plan and discussing the establishment of the advisory working groups required by the enabling legislation.

#### **Meeting #2 September 28, 1999**

The second meeting of the Task Force dealt with the organization of the advisory working groups and also focused on background presentations about smart growth initiatives in other states. The three advisory working groups established were: 1) the Land Use Policy and Rural Lands Working Advisory Group; 2) the State Investment /Downtown Policy Working Advisory Group; and 3) the Transportation Policy Working Advisory Group. For information from other states, the National Conference of State Legislatures (NCSL) presented growth management initiatives in selected states and the Director of the State Planning Office gave a brief history of growth management activities in Maine and compared four basic models used in other states. After a question and answer period for the first two speakers, the Director of the State Planning Office presented "The Great American Neighborhood", a prepared presentation of an in depth survey done by the State Planning Office of 600 recent home buyers.

#### **Meeting #3 October 15, 1999**

The third meeting of the Task Force was reserved for reports and discussion from the three advisory working groups: 1) the Land Use Policy and Rural Lands Working Advisory Group; 2) the State Investment and Downtown Policy Working Advisory Group; and 3) the Transportation Policy Working Advisory Group. As directed by the enabling legislation, membership on each of the various advisory working groups consisted of selected Task Force members and representatives from affected agencies, trade, economic growth and environmental protection organizations, and interested members of the public. The Task Force also discussed establishing a mission/values statement that would help define the policy objectives of the Task Force.

**Meeting #4 October 26, 1999**

The fourth meeting of the Task Force focused on additional information gathering from other groups in Maine currently studying the issue of smart growth. The Task Force heard presentations from representatives of the Eco-Eco Smart Growth Forum Working Groups and also a presentation from the Director of the State Planning Office on the Governor's Smart Growth Cabinet Subcommittee. In addition, the State Board of Education presented the Task Force with information on school facilities, education financing and education policy in Maine.

**Meeting #5 November 16, 1999**

The fifth meeting of the Task Force focused on reviewing preliminary recommendations. The Task Force heard updates of the draft recommendations from both the Governor's Smart Growth Cabinet Subcommittee and the Eco-Eco Smart Growth Forum, and also reviewed the preliminary Task Force recommendations from the three advisory working groups: 1) the Land Use Policy and Rural Lands Working Advisory Group; 2) the State Investment and Downtown Policy Working Advisory Group; and 3) the Transportation Policy Working Advisory Group. The Task Force discussed the upcoming public hearing regarding the date, location, timing and agenda and decided the Task Force's draft recommendations should be available and provide the general topic of discussion at the public hearing.

**Meeting #6 December 13, 1999**

The sixth meeting of the Task Force was reserved for gathering public comment at the public hearing on the Task Force's suggested proposals for addressing sprawl and promoting smart growth development. Press releases were sent to various news agencies around the state and the Task Force's working paper of draft recommendations were posted on the Internet to allow the public to review the Task Force's proposed recommendations. The public hearing was well attended and provided much confirmation that the Task Force's proposed recommendations echoed public sentiment on smart growth initiatives.

**Meeting #7 December 20, 1999**

At the seventh meeting, the Task Force heard an update of the draft findings of the Governor's Smart Growth Cabinet Subcommittee and in addition held an in-depth discussion of their own recommendations including setting priorities and funding levels. The Task Force heard reports from various agencies that were also working on legislative proposals related to the Task Force's responsibilities on smart growth. The Director of the Office of Agriculture, Natural, and Rural Resources offered a review of the proposed farmland adjacency legislation and the Legislative Advocate of State and Federal Relations from the Maine Municipal Association provided an update on the proposed subdivision law.

**Meeting #8 January 7, 2000**

The eighth and final meeting of the Task Force focused on creating group consensus of the multiple recommendations of the Task Force. The Task Force performed a comprehensive review of all the objectives and after much discussion made specific suggestions about each detail of the recommendations. The Task Force examined the recommendations involving funding including those calling for one-time funding as well as those requiring the commitment of long-term funding. By the end of the final meeting the Task Force had reached unanimous consensus of all those present on the general concept of all of the proposed recommendations.

## **APPENDIX D**

### ***Issues from Legislation Carried Over from the First Regular Session 119<sup>th</sup> Legislature***

#### **A. State Investment Policy**

- State office building location - role in the continued viability of downtown service centers within the State
- Impact of growth-related capital investments and location decisions by the State

#### ***LD 1080, An Act to Direct State Capital Investments to Locally Designated Growth Areas***

- Requires growth-related capital investments by the state to be directed to locally designated growth areas identified in a comprehensive plan consistent with the state goals and guidelines; to areas served by a public sewer system with sufficient capacity; or to other areas if the project meets certain criteria
- Requires capital investments by state agencies that are not growth-related to give preference to municipalities that receive a certificate of consistency or have adopted comprehensive plans consistent with the state goals and guidelines
- Growth-related capital investments include projects, grants or loans for: significant highway construction or reconstruction projects that increase highway capacity; construction or purchase of newly constructed single-family homes; construction or acquisition of newly constructed multifamily rental housing; construction of new schools and related facilities; development of industrial or business parks; construction or expansion of pollution control facilities that expands treatment capacity; construction or extension of utility lines; grants and loans for infrastructure and public facilities eligible under CDBG; and grants or loans for state office, court and civic buildings

#### ***LD 1414, Resolve, to Support Downtown Revitalization through the Location of State Facilities and Targeting Economic Development Funding***

- State policy that gives preference to locating state facilities in downtown areas and avoids contributing to urban sprawl
- A proactive strategy to promote investment in communities that have state offices or facilities that service clients by:
  - ⇒ targeting economic development funds to assist in renovating buildings in those communities to be used for state facilities and other business
  - ⇒ providing outreach and technical assistance to attract state facility development and other downtown business opportunities to communities that have state offices or facilities

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## **B. Fiscal Policy**

- Fiscal policies that push rural lands out of productive use
- Fiscal policies that place unintended burdens on service center communities
- Fiscal policies that promote development sprawl

### *LD 544, An Act to Value Homestead Exemption Farm Land at Current Use*

- Requires agricultural land to be valued based on its current use for the purpose of a homestead property tax exemption
- 

## **C. Transportation Policy**

- state and local transportation planning
  - streamlining of local and state land use rules and regulations
  - highway access management
  - permit and encourage efficient neighborhood and economic development in growth areas
- 

## **D. Agriculture Policy**

- productive use of farms and woodlands
- preservation of open space around urbanizing areas

### *LD 449, An Act Requiring Disclosures to be Made to Purchasers of Land Abutting Agricultural Land*

- Requires the seller of land abutting registered farmland to provide notice to prospective purchasers of the land that the State policy is to conserve, protect and encourage the development and improvement of agricultural land and that farming activities on the land may cause noise, dust and odors

## ***APPENDIX E***

### ***Advisory Working Groups Legislative Membership***

#### **State Investment / Downtowns**

Sen. Beverly Daggett, Chair  
Sen. Bruce MacKinnon  
Rep. Ron Usher  
Rep. Randall Bumps

#### **Transportation Policy**

Rep. Laura Sanborn, Chair  
Sen. Bill O’Gara  
Rep. Peter Cianchette

#### **Land Use Policy/ Rural Lands**

Rep. David Etnier, Chair  
Rep. Cliff Foster  
Rep. Carol Weston  
Sen. Leo Kieffer

## ***APPENDIX F***

### ***Draft Joint Order to Establish a Joint Select Committee on Smart Growth***

**ORDERED**, the Senate concurring, that the Joint Select Committee on Smart Growth is established as follows.

**1. Establishment.** The Joint Select Committee on Smart Growth, referred to in this order as the “committee,” is established.

**2. Membership.** The committee consists of 3 members from the Senate appointed by the President of the Senate and 10 members from the House of Representatives appointed by the Speaker of the House. The members must include at least one member from each of the following joint standing committees: the Joint Standing Committee on Agriculture, Conservation and Forestry; the Joint Standing Committee on Business and Economic Development; the Joint Standing Committee on Education and Cultural Affairs; the Joint Standing Committee on Natural Resources; the Joint Standing Committee on State and Local Government; the Joint Standing Committee on Taxation; and the Joint Standing Committee on Transportation. The first Senate member named is the Senate chair and the first House member named is the House chair.

**3. Responsibilities.** The responsibilities of the committee include the following:

A. To review legislation referred to it by the Legislature and, with the approval of the President of the Senate and the Speaker of the House, to report out legislation relating to (*patterns of development/development sprawl/smart growth/productive use of rural lands*);

B. To conduct oversight and review of the State’s (*fiscal, transportation, land use*) policies (*that impact service center communities, rural lands, development sprawl*) and to make recommendations to the Legislature on those policies; and

C. To conduct a study of tax policy as it affects land use decisions, with a goal of promoting smart growth land use patterns. In conducting its study, the committee shall review property taxes, including highest and best use taxation and current use taxation, estate taxes, tax incentives and other tax policy.

D. To perform other tasks assigned to it including conducting studies on assigned topics and issuing reports to the Legislature on policy issues related to smart growth.

## ***APPENDIX G***

### ***Draft Legislation***

**Title: An Act to Implement the Land Use Recommendations of the Task Force on State Office Building Location, Other State Growth-related Capital Investments and Patterns of Development**

**Title: An Act to Implement the Transportation Recommendations of the Task Force Created to Review Smart Growth Patterns of Development**

**Title: An Act to Implement the Tax Policy Recommendations of the Task Force on State Office Building Location, Other State Growth-related Capital Investments and Patterns of Development**

**Title: An Act to Implement the Land Use Recommendations of the Task Force on State Office Building Location, Other State Growth-related Capital Investments and Patterns of Development**

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

**Sec. 1. 5 MRSA §1742-D, sub-§2** is amended to read:

**2. Establish standards; waiver.** The Bureau of General Services shall establish the following:

A. Standards for occupant safety and comfort in leased space must be consistent with law and all applicable building, fire, handicapped accessibility and environmental codes; and

B. By July 1, 1991, standards for space use for all state facilities that ensure the equitable and efficient distribution of available floor space, including common areas, consistent with cost, program and functional objectives.

The Director of the Bureau of General Services may provide a waiver of the standards and criteria established under this section if the director concludes that the unique conditions of location, program or employee function require such a waiver, or in order to meet the purpose of Title 30-A, section 4349-A, subsection 2 relating to priority locations for state office buildings, courts and other state civic buildings.

**Sec. 2. 5 MRSA §1742-D, sub-§10** is enacted to read:

**10. Downtown Leasehold Improvement Fund.** The Downtown Leasehold Improvement Fund, referred to in this subsection as the “fund,” is established within the Bureau of General Services to assist state agencies in securing suitable space in downtowns whenever possible by providing for capital improvements to real property leased by the State in downtowns necessary to meet public health, safety and accessibility requirements of federal, state, and local statutes and codes.

The fund is a nonlapsing fund consisting of sums that are appropriated by the Legislature or transferred to the fund from time to time by the Treasurer of State, the proceeds of notes or bonds issued by the State for the purpose of deposit in the fund, grants and awards made to the State or an instrumentality of the State by the Federal Government for the purpose for which the fund has been established and other funds from any public or private source received for use for the purpose for which the fund has been established.

The bureau shall invest in leasehold improvements from this fund only when it determines that the length and other terms of the lease will provide for reasonable use of and return on the investments for the State.

The bureau may establish accounts and subaccounts as it determines desirable to effectuate the purpose of the fund.

**Sec. 3. 5 MRSA §13058, sub-§10-A** is enacted to read:

**10-A. Maine Downtown Center.** The commissioner shall establish the Maine Downtown Center, referred to in this subsection as the “center,” within the department to encourage downtown revitalization in the State.

A. The center serves the following functions:

- (1) To advocate for downtown revitalization;
- (2) To promote awareness about the importance of vital downtowns;
- (3) To serve as a clearinghouse for information relating to downtown development; and
- (4) To provide training and technical assistance to communities that demonstrate a willingness and ability to revitalize their downtowns.

B. The commissioner shall appoint a director of the center who shall administer the center in accordance with the policies of the commissioner and the provisions of this subsection.

C. The commissioner shall work collaboratively with the Director of the State Planning Office to coordinate the programs of the center.

D. For the purposes of this subsection, “downtown” means the traditional central business district of a community, that has served as the center for socioeconomic interaction in the community, and that is characterized by a cohesive core of commercial and mixed-use buildings, often interspersed with civic, religious and residential buildings and public spaces, typically arranged along a main street and intersecting side streets, walkable and served by public infrastructure.

**Sec. 4. 20-A MRSA §15908, sub-§4** is amended to read:

**4. Consistent siting.** The state board shall adopt criteria governing applications under this chapter to direct construction projects for new schools to areas determined suitable under the provisions of Title 30-A, chapter 187, subchapter II, by the municipality within which the project will be located. The board may not require a minimum contiguous parcel size for the project as a condition of approval. The criteria must require that the municipality in which the project will be located consider, with the assistance of

the Executive Department, State Planning Office, priority locations in selecting a school building site. Priority locations are as follows:

A. A locally designated growth area, as identified in a comprehensive plan adopted pursuant to Title 30-A, chapter 187, subchapter II; or

B. In the absence of a comprehensive plan pursuant to paragraph A, an area served by a public sewer system that has the capacity for the school construction project, an area identified by the latest Federal Decennial Census as a census designated place, or a compact area of an urban compact municipality as defined by Title 23, section 754.

If the municipality does not select a school building site in a priority location, the municipality shall provide a written explanation to the state board explaining why a priority site was not selected. State funds may then be used for the project only if the municipality in which the project will be located certifies to the state board that the municipality's land use regulations do not prohibit, within a 1/4 mile of the edge of the property on which the school construction project will be located, residential development at a density of at least 3 dwelling units per acre if the area is served by a public sewer system or at least 1.5 dwellings per acre if the area is not served by a public sewer system. The state board may waive this requirement if the municipality certifies that more restrictive municipal land use regulations are necessary because the area contains wetlands or similar natural resources unsuitable for residential development at that density.

**Sec. 5. 30-A MRSA §4301, sub-§§5-A and 5-B** are enacted to read:

**5-A. Downtown.** “Downtown” means the traditional central business district of a community that has served as the center for socioeconomic interaction in the community and is characterized by a cohesive core of commercial and mixed-use buildings, often interspersed with civic, religious and residential buildings and public spaces, typically arranged along a main street and intersecting side streets, walkable and served by public infrastructure.

**5-B. Growth-related capital investment.** “Growth-related capital investment” means investment in only the following projects, whether using state, federal or other funds, and whether in the form of a purchase, lease, grant, loan, loan guarantee, credit, tax credit or other financial assistance: significant highway projects as defined in rules adopted by the Department of Transportation under Title 23, section 73; the construction or purchase of newly constructed single family homes or purchase of loans for newly constructed single family homes; the construction or acquisition of newly constructed multifamily rental housing; the development of industrial or business parks; the construction or expansion of pollution control facilities that expands treatment capacity; the construction or extension of sewer, water and other utility lines; grants and loans for infrastructure, public facilities and community buildings; and construction or expansion of state office buildings, state courts and other state civic buildings that serve public clients

and customers. “Growth-related capital investment” does not include projects using funds for the operation or maintenance of a governmental or quasi-governmental facility or program; the construction of school capacity for additional students, provided the requirements of Title 20-A, section 15908, subsection 4 are met; the renovation of an existing school and its related facilities at an existing site that does not add capacity for additional students; the renovation of a governmental facility that does not significantly expand the facility’s capacity; general purpose aid for education other than for the construction of new schools and related facilities; community revenue sharing; or public health programs.

**Sec. 6. 30-A MRSA §4349** is repealed.

**Sec. 7. 30-A MRSA §4349-A** is enacted to read:

**§4349-A. State capital investments**

**1. Growth-related capital investments.** The State may make growth-related capital investments only in:

A. A locally designated growth area, as identified in a comprehensive plan adopted pursuant to and consistent with the goals and guidelines of this subchapter;

B. In the absence of a consistent comprehensive plan, an area served by a public sewer system that has the capacity for the growth-related project, or an area identified in the latest Federal Decennial Census as a census designated place, or a compact area of an urban compact municipality as defined by Title 23, section 754; or

C. Areas other than those described in paragraphs A or B for the following projects:

(1) A project certified to the Land and Water Resources Council by the head of the agency funding the project as necessary to remedy a threat to public health or safety or to comply with environmental clean-up laws;

(2) An acquisition of land for a park, conservation, open space or public access or acquisition of an agricultural, conservation or historic easement;

(3) A project related to a commercial or industrial activity that, due to its operational or physical characteristics, typically is located away from other development, including natural resource-based industry, such as an agricultural operation, forestry, mineral

extraction or power generation; an airport, port or railroad or industry that must be proximate to an airport, a port, or a railroad line or terminal; and a pollution control facility;

(4) A project that increases the capacity of a highway or bridge that is part of the national highway system or an arterial if the project addresses a regionwide or statewide need and if the project incorporates best access management practices;

(5) A project that maintains, expands or promotes a tourist or cultural facility that is required to be proximate to a specific historic, natural or cultural resource;

(6) A project located in a municipality that has none of the geographic areas described in paragraph A or B and that prior to January 1, 2000 formally requested but had not received from the office funds to assist with the preparation of a comprehensive plan or that received funds to assist with the preparation of a comprehensive plan within the previous 2 years. This exception expires for a municipality 2 years after such funds are received; or

(7) A project certified to the Land and Water Resources Council by the head of the agency funding the project as having no feasible location within an area described in paragraph A or B, if the Land and Water Resources Council finds that extraordinary circumstances or the unique needs of the agency require state funds for the project.

**2. State facilities.** The Department of Administrative and Financial Services, Bureau of General Services shall develop by rule site selection criteria for state office buildings, state courts and other state civic buildings that serve public clients and customers, whether owned or leased by the State, that give preference to priority locations while ensuring safe, healthy, appropriate work space for employees and clients and accounting for agency requirements. Preference must be given to priority locations in the following order: service center downtowns, service center growth areas and downtowns and growth areas in other than service center communities. If no suitable priority location exists, the facility must be located in accordance with subsection 1.

**3. Capital investments that are not growth-related.** When awarding grants or assistance for capital investments or undertaking its own capital investment programs other than for projects listed under section 4301, subsection 5-B, a state agency shall give preference to a municipality that receives a certificate of consistency under section 4348 or that has adopted a comprehensive plan and implementation strategies consistent with the goals and guidelines of this subchapter over a municipality that does not obtain the

certificate or finding of consistency within 4 years after receipt of the first installment of a financial assistance grant or rejection of an offer of financial assistance.

**Sec. 8. 30-A MRSA §4354, sub-§1** is amended to read:

**1. Construction or fees may be required.** The requirements may include construction of capital improvements or impact fees instead of capital improvements including the expansion or replacement of existing infrastructure facilities and the construction of new infrastructure facilities.

A. For the purposes of this subsection, infrastructure facilities include, but are not limited to:

- (1) Waste water collection and treatment facilities;
- (2) Municipal water facilities;
- (3) Solid waste facilities;
- (4) Fire protection facilities;
- (5) Roads and traffic control devices; ~~and~~
- (6) Parks and other open space or recreational areas; and
- (7) School facilities.

**Sec. 9. 30-A MRSA §5903, sub-§§3-B and 3-C** are enacted to read:

**3-B. Downtown.** “Downtown” means the traditional central business district of a community that has served as the center for socioeconomic interaction in the community and is characterized by a cohesive core of commercial and mixed-use buildings, often interspersed with civic, religious and residential buildings and public spaces, typically arranged along a main street and intersecting side streets, walkable and served by public infrastructure.

**3-C. Downtown improvement.** “Downtown improvement” includes façade, utility relocation or extension, historic preservation and parking and road improvement; elevator, sprinkler system and traffic control devices installation; purchase of development rights for a park or open space and construction of park and open space amenities; and streetscape, sidewalk and curb installation or upgrade.

**Sec. 10. 30-A §5953-D** is amended to read:

**§5953-D. Assistance from Municipal Investment Trust Fund**

**1. Application for public service infrastructure grants and loans.** In addition to the other forms of financial assistance available under section 6006-D, an eligible municipality or group of municipalities may apply for a public service infrastructure grant or loan from the Municipal ~~Infrastructure~~ Investment Trust Fund, in this section called the

"fund," the proceeds of which must be used to acquire, design, plan, construct, enlarge, repair, protect or improve public service infrastructure owned by the applicant.

The bank, in conjunction with the Department of Economic and Community Development, may prescribe an application form or procedure for an eligible municipality or group of municipalities to apply for a grant or loan under this section. The application must include all information necessary for the purpose of implementing this section and section 6006-D.

**1-A. Application for downtown improvement loan.** In addition to the other forms of financial assistance available under section 6006-D, an eligible municipality or group of municipalities may apply for a downtown improvement loan from the fund, the proceeds of which must be used to acquire, design, plan, construct, enlarge, repair or protect downtown improvements.

The bank, in conjunction with the Department of Economic and Community Development, may prescribe an application form or procedure for an eligible municipality or group of municipalities to apply for a loan under this subsection. The application must include all information necessary for the purpose of implementing this section and section 6006-D.

**2. Loan; loan agreements.** Loans from the fund are subject to this subsection.

A. The bank may make loans from the fund to an eligible municipality or group of municipalities for one or more of the purposes set forth in subsection 1 and subsection 1-A. Each of the loans is subject to the following conditions.

(1) The total amount of loans outstanding at any one time from the fund may not exceed the balance of the fund; the proceeds of bonds or notes of the bank deposited in the fund, revenues from other sources deposited in the fund and binding financial commitments of the United States to deposit money in the fund must be included in determining the fund balance.

(2) The loan must be evidenced by a municipal bond or other debt instrument, payable by the municipality over a term not to exceed 40 years with annual principal or interest payments commencing not later than one year after the project being financed is completed.

(3) The rate of interest charged for the loans must be at or below market interest rates.

(4) Subject to the limitations of subparagraph (3), the rate of interest charged for the loans made to municipalities under this section or the manner of determining the rate of interest must be established from time to

time by direction of the bank, taking into consideration the current average rate on outstanding marketable obligations.

B. Loans made to a municipality by the bank under this section must be evidenced by and made in accordance with the terms and conditions specified in a loan agreement to be executed by the bank and the municipality. The loan agreement must specify the terms and conditions of disbursement of loan proceeds. The loan agreement must state the term and interest rate of the loan, the scheduling of loan repayments and any other terms and conditions determined necessary or desirable by the bank.

**3. Eligibility certification.** The bank may not make a grant or loan to a municipality or group of municipalities under this section until:

A. The applicant certifies to the bank that it has secured all permits, licenses and approvals necessary to construct the improvements to be financed by the grant or loan;

B. In the case of a loan, the applicant demonstrates to the bank that it has established a rate, charge or assessment schedule that generates annually sufficient revenue to pay, or has otherwise provided sufficient assurances that it pays, the principal of and interest on the municipal bond or other debt instrument that evidences the loan made by the bank to the municipality pursuant to the loan agreement under this section and to pay reasonably anticipated costs of operating and maintaining the financed project and the system of which it is a part;

C. In the case of a loan, the applicant certifies to the bank that it has created a dedicated source of revenue that may constitute general revenues of the applicant through a general obligation pledge of the applicant for repayment of the loan; ~~and~~

D. ~~The~~ In the case of a public service infrastructure grant or loan, the Department of Economic and Community Development affirms that the applicant has met the conditions of this paragraph.

(1) A municipality is eligible to receive a grant or a loan, or a combination of both, if that municipality has adopted a local growth management program certified under section 4348 that includes a capital improvement program ~~comprised~~ composed of the following elements:

(a) An assessment of all public facilities and services, such as, but not limited to, roads and other transportation facilities, sewers, schools, parks and open space, fire and police;

(b) An annually reviewed 5-year plan for the replacement and expansion of existing public facilities or the construction of such

new facilities as are required to meet expected growth and economic development. The plan must include projections of when and where those facilities will be required; and

(c) An assessment of the anticipated costs for replacement, expansion or construction of public facilities, an identification of revenue sources available to meet these costs and recommendations for meeting costs required to implement the plan.

(2) A municipality is eligible to receive a loan if that municipality:

(a) Has adopted a comprehensive plan that is determined by the ~~Department of Economic and Community Development~~ State Planning Office within the Executive Department to be consistent with section 4326, subsections 1 to 4; ~~and~~

~~(b) The request for a loan is part of a complete application for financial assistance that is filed on or before December 31, 1998.~~

Subject to the limitations of this subsection, 2 or more municipalities that each meet the requirements of subparagraphs (1) or (2) may jointly apply for assistance under this section: ~~;~~ and

E. In the case of a downtown improvement loan, the Department of Economic and Community Development affirms that the applicant has met the conditions of this paragraph. A municipality is eligible to receive a downtown improvement loan if that municipality has:

(1) Shown broad-based support for downtown revitalization;

(2) Established a comprehensive downtown revitalization work plan, including a definition and a map of the affected area;

(3) Developed measurable goals and objectives;

(4) Demonstrated an historic preservation ethic;

(5) Established an ongoing board of directors, with associated committees;

(6) Provided an adequate operating budget;

(7) Hired a professional downtown manager;

(8) Established an ongoing training program for staff and volunteers;

(9) Developed the capacity to report on the progress of the downtown program; and

(10) Established the ability and willingness to support integrated marketing efforts for retailers, services, activities and events.

**4. Criteria; conditions for public service infrastructure grants and loans.** The Department of Economic and Community Development, in conjunction with the bank, shall develop criteria and conditions for the award of public service infrastructure loans and grants to eligible municipalities after consultation with the Municipal Capital Investment Advisory Commission and subject to the requirements of this section. The department shall:

- A. Give priority to those municipalities that are experiencing rapid growth and possess a public service infrastructure inadequate to accommodate that growth;
- B. Establish a preference for those municipalities eligible under subsection 3, paragraph D, subparagraph (1) over those municipalities eligible under subsection 3, paragraph D, subparagraph (2);
- C. Establish a preference for those municipalities with higher local property tax burdens. The comparative local property tax burden must be determined under section 5681;
- D. Establish a preference for capital investment projects undertaken jointly by 2 or more municipalities or that provide substantial regional benefits;
- E. Adopt other criteria as it determines necessary to ensure that loans and grants made under this section maximize the ability of municipalities to accommodate planned growth and economic development; and
- F. Condition any loans and grants under this section on consistency with the municipality's comprehensive plan or local growth management program.

**4-A. Criteria; conditions for downtown improvement loans.** The Department of Economic and Community Development, in conjunction with the bank, shall develop criteria and conditions for the award of downtown improvement loans to eligible municipalities after consultation with the state agencies listed in subsection 5 and subject to the requirements of this section. The department shall establish a preference for municipalities that are regional service centers or urban compact municipalities or have adopted a comprehensive plan consistent with section 4326.

**5. Coordination.** The bank shall coordinate the loans and grants made under this section with all other community assistance loans and grants administered by the Department of Economic and Community Development and with other state assistance programs designed to accomplish similar objectives, including those administered by the

Department of Education, the Department of Transportation, the State Planning Office, the Finance Authority of Maine, the Maine State Housing Authority, the Maine Historic Preservation Commission, the Department of Administrative and Financial Services, the Department of Conservation and the Department of Environmental Protection.

**6. Municipal Capital Investment Advisory Commission.** The Municipal Capital Investment Advisory Commission is established to provide expert assistance and input to the Department of Economic and Community Development on the development of loans and grants criteria under this section. The commission is composed of 5 members who shall serve staggered 4-year terms except that the terms of the initial members are as follows: one member serves for 2 years; 2 members serve for 3 years; and 2 members serve for 4 years. The Governor shall appoint the members who must each have expertise and experience in municipal government or locally supported regional associations. The commission shall meet at least twice annually and shall review the loans and grants criteria annually.

**7. Report to the Legislature.** The bank shall report to the joint standing committee of the Legislature having jurisdiction over natural resource matters no later than January 1, 1995 and biennially thereafter 1<sup>st</sup> of each odd-numbered year on the loans and grants program. The bank may make any recommendations it finds necessary to more effectively achieve the purposes of this section, including the appropriation of any necessary additional funds.

**Sec. 11. 30-A MRSA §6006-D** is amended by repealing and replacing the headnote to read:

**§6006-D. Municipal Investment Trust Fund**

**Sec. 12. 30-A MRSA §6006-D, subsection 1** is amended by amending the first paragraph to read:

**1. Establishment; administration.** The Municipal ~~Infrastructure~~ Investment Trust Fund, referred to in this section as the "fund," is established in the custody of the bank as a special fund as provided in this section.

**Sec. 13. 30-A MRSA §6006-D, subsection 1, ¶A** is amended to read:

A. The purpose of the fund is to provide financial assistance under subsection 2 for the acquisition, design, planning, construction, enlargement, repair, protection or improvement of public service infrastructure and downtown improvements.

**Sec. 14. Department of Economic and Community Development to develop investment policy to assist municipalities and private property owners in the redevelopment of downtowns.** The Department of Economic and Community Development shall develop an investment policy that will provide further means to

improve the condition of downtown properties and infrastructure to meet the multiple-use needs of downtowns. The policy must be based upon a proactive strategy that promotes investment in downtowns by:

1. Targeting transportation, economic and business development funds to assist in renovations to meet the contemporary needs of retail and office businesses and to provide appropriate access to and circulation within downtowns;
2. Encouraging the development and redevelopment of mixed-use spaces, including residential units, in downtowns;
3. Providing outreach and active technical assistance to communities that have state offices or facilities that serve clients to attract state facility development and other downtown business opportunities; and
4. Reviewing and, as appropriate, making recommendations for changes to building, life safety and accessibility codes that will continue to promote the purposes of these codes while streamlining and enhancing the ability to renovate downtown structures for productive and economical use.

The Department of Economic and Community Development shall work with the Bureau of General Services within the Department of Administrative and Financial Services, the Department of Transportation, the Maine State Housing Authority, the Finance Authority of Maine, the State Fire Marshal, the State Planning Office within the Executive Department, the Maine Human Rights Commission and other state agencies in developing this state policy. It shall submit a report, including its proposed policy and any implementing legislation, to the joint standing committee of the Legislature having jurisdiction over business and economic development matters by January 15, 2001. The joint standing committee of the Legislature having jurisdiction over business and economic development matters may report out a bill to the First Regular Session of the 120th Legislature concerning the proposed policies.

**Sec. 15. Task Force to Study Growth Management.** The Task Force to Study Growth Management, referred to in this section as the “task force,” is established as follows.

1. The task force consists of 16 members appointed as follows:
  - A. One member from the Senate who serves on the Joint Standing Committee on Natural Resources, appointed by the President of the Senate;
  - B. Two members from the House of Representatives, at least one of whom serves on the Joint Standing Committee on Natural Resources, appointed by the Speaker of the House of Representatives;

- C. The Director of the State Planning Office or the director's designee;
- D. The Commissioner of Environmental Protection or the commissioner's designee;
- E. The Commissioner of Economic and Community Development or the commissioner's designee;
- F. Two members representing environmental interests, one of whom is appointed by the President of the Senate and one of whom is appointed by the Speaker of the House;
- G. Three members representing municipal interests, 2 of whom are appointed by the President of the Senate and one of whom is appointed by the Speaker of the House;
- H. Two members representing regional councils, one of whom is appointed by the President of the Senate and one of whom is appointed by the Speaker of the House;
- I. One member representing a statewide planning association, appointed by the Speaker of the House; and
- J. Two members representing real estate or development interests, one of whom is appointed by the President of the Senate and one of whom is appointed by the Speaker of the House.

The Senate member is the Senate chair and the first House member named is the House chair. All appointments must be made no later than 15 days following the effective date of this Act. The appointing authorities shall notify the Executive Director of the Legislative Council upon making their appointments. The chairs of the task force shall call and convene the first meeting of the task force within 30 days of the date the last member is appointed. The task force may hold up to 6 meetings.

2. The duties of the task force are as follows.

- A. The task force shall conduct a targeted review of the growth management laws with the goal of improving the law to make it more responsive to the issues of sprawl. In its review, the task force shall evaluate whether the growth management program works well in very small municipalities and in municipalities experiencing greater or less growth. The task force shall also consider ways to strengthen the State's enabling legislation for impact fees. The task force shall develop recommendations to make the growth management laws more effective in controlling sprawl, including recommendations on funding, staffing and statutory

changes. In developing its recommendations, the task force shall consider appropriate regional models for growth management.

B. The task force shall establish an advisory working group, including people outside of the task force, to review municipal subdivision law and its impact on local planning and growth management and to consider recommendations to streamline the local review process and to make the law a more effective tool in the planning process. The task force may establish additional advisory working groups as it considers appropriate.

3. The task force shall complete its work by December 1, 2000 and submit its report, together with any implementing legislation, to the First Regular Session of the 120th Legislature.

4. Members of the task force who are Legislators are entitled to receive the legislative per diem and reimbursement of necessary expenses for their attendance at authorized meetings of the task force. Public members not otherwise compensated by their employers or other entities whom they represent are entitled to receive reimbursement of necessary expenses and a per diem equal to the legislative per diem for their attendance at authorized meetings of the task force.

5. Upon approval of the Legislative Council, the Office of Policy and Legal Analysis shall provide necessary staffing services to the task force.

6. The chairs of the task force, with assistance from the task force staff, shall administer the task force's budget. Within 10 days after its first meeting, the task force shall present a work plan and proposed budget to the Legislative Council for approval. The task force may not incur expenses that would result in the task force exceeding its approved budget.

**Sec. 16. Report on rural lands.** The Land and Water Resources Council shall submit a report to the Legislature by January 15, 2001 with an evaluation of and recommendations on the use of incentives to keep rural land undeveloped.

**Sec. 17. Brownfields initiative; report.** The Executive Department, State Planning Office and the Department of Environmental Protection shall undertake an initiative to promote the Maine Municipal Brownfields Revolving Loan Fund, administered by the Maine Municipal Bond Bank, and the voluntary response action program, administered by the Department of Environmental Protection, and shall submit a joint report by January 15, 2001 to the joint standing committee of the Legislature having jurisdiction over natural resources matters with an evaluation of the initiative and recommendations for expanding the redevelopment in the State of abandoned, idled or under used industrial or commercial property where expansion or redevelopment is complicated by real or perceived environmental contamination, also know as "brownfields."

**Sec. 18. Review of state codes.** The Office of the State Fire Marshal within the Department of Public Safety shall convene a stakeholders group, including the Department of Public Safety, the Bureau of General Services, the Historic Preservation Commission, local code enforcement officers and disability rights advocates, to review state codes and federal regulations that restrict the reuse of existing structures and to recommend revisions to encourage renovation of existing buildings. As part of its review, the stakeholders group shall review New Jersey’s rehabilitation subcode for existing buildings undergoing renovations and its applicability to Maine. The Office of the State Fire Marshal shall submit a report with its recommendations by January 15, 2001 to the joint standing committee of the Legislature having jurisdiction over natural resources matters and the joint standing committee of the Legislature having jurisdiction over economic development matters.

**Sec. 19. Model ordinances.** The Executive Department, State Planning Office shall work with municipalities and regional planning commissions to develop model land use ordinances that accommodate so-called “smart growth” design standards and provide for flexibility in zoning regulations to allow for traditional, compact development in designated growth areas and to preserve and revitalize existing neighborhoods.

**Sec. 20. Appropriation.** The following funds are appropriated from the General Fund to carry out the purposes of this Act.

**2000-01**

**ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF**

**Information Services**

Positions - Legislative Count	(1,000)
Personal Services	\$50,000
All Other	25,000
Capital Expenditures	10,000

Provides for the appropriation of funds to establish a Statewide Geographic Information System Coordinator position.

**DEPARTMENT OF ADMINISTRATIVE AND FINANCIAL SERVICES**

**TOTAL** \$85,000

**EXECUTIVE DEPARTMENT**

**State Planning Office**

All Other \$4,750,000

Provides funds for grants for financial and technical assistance to municipalities, grants to regional councils and alternative growth management initiatives. At the end of each fiscal year any unexpended balance may not lapse but must be carried forward to be used for the same purpose.

**EXECUTIVE DEPARTMENT**

**TOTAL** \$4,750,000

**TOTAL APPROPRIATIONS** \$4,835,000

**Sec. 21. Appropriation.** The following funds are appropriated from the General Fund to carry out the purposes of this Act.

**2000-01**

**ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF**

**Downtown Leasehold Improvement Fund**

All Other \$800,000

Provides for the appropriation of funds to capitalize the Downtown Leasehold Improvement Fund for capital improvements to leased space. At the end of each fiscal year, any unexpended balance may not lapse but must be carried forward to be used for the same purpose.

**Sec. 22. Appropriation.** The following funds are appropriated from the General Fund to carry out the purposes of this Act.

**2000-01**

**MAINE MUNICIPAL BOND BANK**

**Municipal Investment Trust Fund**

All Other	\$5,000,000
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Provides for the appropriation of funds to capitalize the Municipal Investment Trust Fund for downtown improvement loans to municipalities.

**Sec. 23. Appropriation.** The following funds are appropriated from the General Fund to carry out the purposes of this Act.

**2000-01**

**ECONOMIC AND COMMUNITY DEVELOPMENT, DEPARTMENT OF**

**Administration – Economic and Community Development**

Positions - Legislative Count	(1,000)
Personal Services	\$60,000
All Other	190,000

Provides for the appropriation of funds to establish a Director, Maine Downtown Center position and to encourage downtown revitalization in Maine communities.

**DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT  
TOTAL**

**\$250,000**

**Sec. 24. Application date.** Those sections of this Act that repeal the Maine Revised Statutes, Title 30-A, section 4349 and enact Title 30-A, section 4349-A apply to state capital investments made after June 30, 2000.

## SUMMARY

This bill implements the recommendations of the Task Force on State Office Building Location, Other State Growth-related Capital Investments and Patterns of Development that relate to land use policy. The bill establishes the Downtown Leasehold Improvement Fund to assist state agencies in securing space in downtowns whenever possible by providing for capital improvements to real property leases and appropriates \$800,000 to capitalize the fund.

The bill establishes the Maine Downtown Center within the Department of Economic and Community Development to encourage downtown revitalization in Maine communities through advocacy, information, training and technical assistance to communities.

The bill requires municipalities in which construction projects for new schools will be located to consider, with the assistance of the State Planning Office, priority locations in selecting a school building site. Priority locations are identified as locally designated growth areas identified in a comprehensive plan or, in the absence of a comprehensive plan, areas served by a public sewer system, areas identified as census designated places or compact areas of urban compact municipalities. If a municipality does not select a priority location, state funds may be used for the project only if the municipality's land use regulations do not prohibit denser residential development within ¼ mile of the school property.

The bill defines state growth-related capital investments and directs them to locally designated growth areas as identified in local comprehensive plans or, if there is no comprehensive plan, to areas with public sewers capable of handling the development, to areas identified as census designated places or to compact areas of urban compact municipalities as defined in transportation law. Exceptions are made for state investments required to remedy threats to public health and safety; to mitigate nonpoint sources of pollution; to purchase land for parks, open space and conservation; to assist natural resource-based industries and other activities that by their nature are typically located away from other development; to expand highways that meet national, state or regionwide needs; and for tourist and cultural facilities that rely on specific historic, natural or cultural resources. An exception also is made for municipalities that, prior to January 1, 2000, have requested but have not yet received state financial assistance for the preparation of a comprehensive plan or that have received such assistance within the previous 2 years.

The bill requires the Bureau of General Services to develop site selection criteria for state facilities that give preference to priority locations, identified as service center downtowns, service center growth areas and downtowns and growth areas in other than service center communities. The bill directs the Department of Economic and Community Development to develop an investment policy that will provide means to improve the

condition of downtown properties and infrastructure to meet the multiple-use needs of downtowns and to report its recommendations to the Legislature by January 15, 2001.

The bill adds school facilities to the list of infrastructure facilities for which impact fees may be used by municipalities.

The bill authorizes the Maine Municipal Bond Bank to make loans to municipalities from the Municipal Investment Trust Fund for downtown improvements, including façade improvements, utility relocation improvements, elevator installation, historic preservation improvements, sprinkler system installation, parking improvements, roads, traffic control devices, parks and open space amenities, purchase of development rights for parks and open space, streetscape, sidewalks and curbs and utility upgrade and extensions. The bill appropriates \$5,000,000 for downtown improvement loans.

The bill establishes the Task Force to Study Growth Management, composed of 16 members, to conduct a review of the growth management laws and issues related to growth management.

The bill requires the Land and Water Resources Council to submit a report to the Legislature with an evaluation of the use of incentives to keep rural land undeveloped. The bill requires the State Planning Office and the Department of Environmental Protection to promote the Maine Municipal Brownfields Revolving Loan Fund and the voluntary response action program and to submit a joint report by January 15, 2001 to the Legislature with an evaluation of the initiative and recommendations for expanding the redevelopment of so-called “brownfields” in the State.

The bill requires the Office of the State Fire Marshal to convene a stakeholders group to review state codes and federal regulations that restrict the reuse of existing structures and to recommend revisions to encourage renovation of existing buildings. The bill also requires the State Planning Office to work with municipalities and regional planning commissions to develop model land use ordinances that accommodate so-called “smart growth” design standards and provide for flexibility in zoning regulations to allow for traditional, compact development in designated growth areas and to preserve and revitalize existing neighborhoods.

The bill appropriates funds for the position of Statewide Geographic Information System Coordinator within the Office of Geographic Information Systems. The bill also appropriates funds for grants for financial and technical assistance to municipalities, grants to regional councils and alternative growth management initiatives.

**Title: An Act to Implement the Transportation Recommendations of the Task Force Created to Review Smart Growth Patterns of Development**

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

**Sec. 1.** 23 MRSA §704 is repealed and the following enacted in its place:

**§704. Entrances to highways regulated**

It is unlawful to construct or maintain any driveway, entrance or approach within the right-of-way of any state or state aid highway that lies outside of the compact area of an urban compact municipality, as defined in section 754, without a written permit from the department, or if within the compact area, without a written permit from the proper municipal officials. The right-of-way is considered the full width of the right-of-way as laid out by the State, the county or the municipality. The department is directed and municipalities are authorized to make such rules and regulations as to the design, location, number and construction of driveways, entrances and approaches on those highways as will adequately protect and promote the safety, health and welfare of the traveling public; maintain traffic flow and highway right-of-way drainage; and conserve existing highway investment. These rules must ensure, in priority order, avoidance, minimization and mitigation of the negative impacts of access on the operation of the highway consistent with its functional classification.

A permit is not required for any existing driveway, entrance or approach unless its grade or location is changed or unless the use being served by the driveway, entrance or approach is changed. The department and the municipalities shall deny ingress to and egress from property abutting the highway where access rights are being or have been purchased by the department.

Except as provided in rules adopted by the department, no more than one driveway, entrance or approach onto a state highway outside a designated urban compact area is permitted per lot of record in existence on July 1, 2000 and having state highway frontage.

A violation of any of the provisions of this section or the rules made pursuant to this section is punishable by a fine of not more than \$100 per day per violation.

Rules adopted by the department pursuant to this section are routine technical rules as defined in Title 5, chapter 375, subchapter II-A.

**Sec. 2. Smart growth assistance to municipalities.** The Department of Transportation, Bureau of Planning shall work cooperatively with the State Planning Office and regional councils to provide training, technical assistance and information to municipalities on road planning, road maintenance, sidewalks and neighborhood

involvement to assist municipalities in addressing “smart growth” by preserving traditional downtowns, walkable communities and compact neighborhoods.

**Sec. 3. Strategic planning; transit.** The Department of Transportation shall begin a strategic planning process to address challenges such as administrative streamlining of transit funding; marketing and redesign of transit to appeal to a wider range of customers; innovative financing of transit projects; connectivity to airports and rail; and other issues. The department shall present a status report to the joint standing committee of the Legislature having jurisdiction over transportation matters during the First Regular Session of the 120<sup>th</sup> Legislature. The Department of Transportation may pursue federal funds to assist with this planning process.

**Sec. 4. Funding for transit projects.** The Department of Transportation shall work with the Department of Human Services and the Department of Environmental Protection to identify funding sources for innovative transit and transportation projects that address sprawl and air quality issues. The departments may pursue federal grants or funds to assist with these projects.

**Sec. 5. Appropriation.** The following funds are appropriated from the General Fund to carry out the purposes of this Act.

**2000-01**

**TRANSPORTATION,  
DEPARTMENT OF**

**Transportation Services**

All Other \$500,000

Provides for the appropriation of funds for alternative transportation.

**SUMMARY**

This bill implements the recommendations of the Task Force on State Office Building Location, Other State Growth-related Capital Investments and Patterns of Development that relate to transportation policy. The bill expands the purposes of the access management law and clarifies that the Department of Transportation is directed and municipalities are authorized to make rules that establish priorities that ensure avoidance, minimization and mitigation of the negative impacts of access on highway operations consistent with functional classifications. It further clarifies that no permit is needed for

existing driveways unless grade or location or the use served by the driveway are changed and that the department and municipalities shall deny access where access rights have been purchased by the department. Until rules become effective, the bill limits lots of record in existence on July 1, 2000 and having state highway frontage to one driveway, entrance or approach onto that state highway. The fine for violation of this law is increased from \$100 in total to \$100 per day per violation.

The bill requires the Department of Transportation to work cooperatively with the State Planning Office and regional councils to provide training, technical assistance and information to municipalities on road planning, road maintenance, sidewalks and neighborhood involvement. The bill also requires the department to begin a strategic planning process to address challenges such as administrative streamlining of transit funding; marketing and redesign of transit to appeal to a wider range of customers; innovative financing of transit projects; connectivity to airports and rail; and other issues. and to present a status report to the Legislature on the strategic planning process. The bill also requires the department to work with the Department of Human Services and the Department of Environmental Protection to identify funding sources for innovative transit and transportation projects that address sprawl and air quality issues.

The bill appropriates \$500,000 to the Department of Transportation, Bureau of Transportation Services to return the level of General Fund support for alternative transportation to 1980s levels, adjusted for inflation according to the Consumer Price Index.

**Title: An Act to Implement the Tax Policy Recommendations of the Task Force on State Office Building Location, Other State Growth-related Capital Investments and Patterns of Development**

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

**Sec. 1. 30-A MRSA §5681, sub-§8** is enacted to read:

**8. Second-tier general revenue sharing.** The Service Center Relief Fund is established for the purpose of providing relief to regional service center communities. An amount equal to no more than 0.9% of the receipts from the taxes imposed under Title 36, Parts 3 and 8 and credited to the General Fund must be transferred by the Treasurer of State to the Service Center Relief Fund on the first day of each month beginning August 1, 2000. The Treasurer of State shall distribute the balance in the Service Center Relief Fund on the 20th day of each month according to the following formula: the portion of the Service Center Relief Fund to be distributed to each municipality must be in proportion to the product of the population of the municipality multiplied by the noneducation property tax burden of the municipality.

**Sec. 2. 36 MRSA §1108, sub-§1** is amended to read:

**1. Organized areas.** The municipal assessors shall adjust the 100% valuations per acre for farmland for their jurisdiction by whatever ratio or percentage of current just value, is then being applied to other property within the municipality to obtain the assessed values. For any tax year, the classified farmland value must reflect only the current use value for farm or open space purposes and shall not include any increment of value reflecting development pressure. Commencing April 1, 1978, land in the organized areas subject to taxation under this subchapter shall be taxed at the property tax rate applicable to other property in the municipality, which rate shall be applied to the assessed values so determined.

In tax years beginning on or after April 1, 2000, the State Tax Assessor shall determine annually the amount of acreage in each municipality that is classified as farmland and taxed in accordance with this subchapter. A municipality actually levying and collecting municipal property taxes and within whose boundaries this acreage lies is entitled to annual payments from money appropriated by the Legislature if the municipality submits an annual return in accordance with section 383 and it achieves the appropriate minimum assessment ratio described in section 327. The per-acre value of reimbursement is 90% of the per-acre tax revenue lost as a result of this subchapter. For purposes of this subsection, the tax revenue lost is the tax that would have been assessed, but for this subchapter, on the classified farmlands if they had been assessed according to the undeveloped acreage valuations used in the state valuation then in effect or according to the current local valuation on undeveloped acreage, whichever is less, minus the tax that

was actually assessed on the same lands in accordance with this subchapter. A municipality that fails to achieve the minimum assessment ratio established in section 327 loses 10% of the reimbursement provided by this subsection for each one percentage point the minimum assessment ratio falls below the ratio established in section 327. The State Tax Assessor shall pay any municipal claim found to be in satisfactory form within 90 days after receipt of the claim.

A municipality may not receive a reimbursement payment under this subsection that exceeds an amount determined by calculating the farmland tax loss less the municipal savings in education costs attributable to reduced state valuation.

A. The farmland tax loss is the adjusted tax that would have been assessed, but for this subchapter, on the classified farmlands if they had been assessed according to the undeveloped acreage valuations used in the state valuation then in effect minus the tax that was actually assessed on the same lands in accordance with this subchapter.

In determining the adjusted tax that would have been assessed, the tax rate to be used is computed by adding the additional school support required by the modified state valuation attributable to the increased valuation of farmland to the original tax committed and dividing this sum by the modified total municipal valuation. The adjusted tax rate is then applied to the valuation of farmland based on the undeveloped acreage valuations, adjusted by the certified ratio, to determine the adjusted tax.

B. The municipal savings in education costs is determined by multiplying the school subsidy index by the change in state valuation attributable to the use of the valuations determined in accordance with this subchapter on classified farmlands rather than their valuation using the undeveloped acreage valuations used in the state valuation then in effect.

**Sec. 3. 36 MRSA §1112, 2nd ¶** is amended to read:

~~For land classified as farmland under this subchapter for less than 5 full years, the penalty is equal to the greater of 20% of its assessed fair market value at the time the land is removed from the program or the amount necessary to meet the requirements of the Constitution of Maine, Article IX, Section 8. For land that has been classified as farmland under this subchapter for 5 full years or more, the penalty is the recapture of the taxes that would have been paid on the land for the past 5 years if it had not been classified under this subchapter, less all taxes that were actually paid during those 5 years and interest at the rate set by the town during those 5 years on delinquent taxes. An owner of farmland that has been classified under this subchapter for 5 full years or more may pay any penalty owed under this paragraph in up to 5 equal annual installments with interest at the rate set by the town to begin 60 days after the date of assessment. Notwithstanding section 943, for an owner paying a penalty under this procedure, the period during which the tax lien~~

mortgage, including interest and costs, must be paid to avoid foreclosure, and expiration of the right of redemption is 48 months from the date of the filing of the tax lien certificate instead of 18 months.

**Sec. 4. 36 MRSA §1119** is amended to read:

**§1119. Valuation guidelines**

By ~~February 1, 1992~~ December 31, 2000 and biennially thereafter, the Department of Agriculture, Food and Rural Resources working with the Bureau of Revenue Services, representatives of municipal assessors and farmers shall prepare and report to the joint standing committee of the Legislature having jurisdiction over taxation matters guidelines to assist local assessors in the valuation of farmland. The department shall also deliver these guidelines in training sessions for local assessors throughout the State. These guidelines must include suggested values, by region as appropriate, for cropland, orchard land, pastureland and horticultural land.

**Sec. 5. 36 MRSA §2013** is amended to read:

**§2013. Refund of sales tax on electricity, depreciable machinery and equipment purchases**

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

A. "Commercial agricultural production" means commercial production of crops for human and animal consumption, including the commercial production of sod, the commercial production of seed to be used primarily to raise crops for nourishment of humans or animals and production of livestock.

A-1. "Commercial aquacultural production" means the commercial production of cultured fish, shellfish, seaweed or other marine plants for human and animal consumption, including:

- (1) All cultivating activities occurring at hatcheries or nurseries, from the egg, larval or spore stages to the transfer of the product to a growing site; and
- (2) All cultivating activities occurring on water, from the receipt of fish, shellfish, seaweed or other marine plants from onshore facilities to the delivery of harvested products to onshore facilities for processing.

B. "Commercial fishing" means attempting to catch fish or any other marine animals or organisms with the intent of disposing of them for profit or trade in commercial channels and does not include subsistence fishing for personal use,

sport fishing or charter boat fishing where the vessel is used for carrying sport anglers to available fishing grounds.

C. "Depreciable machinery and equipment" means that part of the following machinery and equipment for which depreciation is allowable under the Code and repair parts for that machinery and equipment:

- (1) New or used machinery and equipment for use directly and primarily in commercial agricultural production, including self-propelled vehicles, but excluding motor vehicles as defined in section 1752, subsection 7; attachments and equipment for the production of field and orchard crops; new or used machinery and equipment for use directly and primarily in production of milk, animal husbandry and production of livestock, including poultry; and new or used machinery and equipment not used directly and primarily in commercial agricultural production, but used exclusively to transport potatoes from a truck into a storage location;
- (2) New or used watercraft, nets, traps, cables, tackle and related equipment necessary to and used directly and primarily in the operation of a commercial fishing venture, but excluding motor vehicles as defined in section 1752, subsection 7; or
- (3) New or used watercraft, machinery or equipment used directly and primarily for aquacultural production, including, but not limited to: nets; ropes; cables; anchors and anchor weights; shackles and other hardware; buoys; fish tanks; fish totes; oxygen tanks; pumping systems; generators; water-heating systems; boilers and related pumping systems; diving equipment; feeders and related equipment; power-generating equipment; tank water-level sensors; aboveground piping; water-oxygenating systems; fish-grading equipment; safety equipment; and sea cage systems, including walkways and frames, lights, netting, buoys, shackles, ropes, cables, anchors and anchor weights; but excluding motor vehicles as defined in section 1752, subsection 7.

**2. Credit authorized.** Any person, association of persons, firm or corporation who purchases electricity or who purchases or leases depreciable machinery or equipment for use in commercial agricultural production, commercial fishing or commercial aquacultural production must be refunded the amount of sales tax paid by presenting to the State Tax Assessor evidence that the ~~machinery or equipment complies with the definitions of subsection 1~~ purchase is eligible for refund under this section.

Evidence required by the State Tax Assessor may include a copy or copies of that portion of the purchaser's or lessee's most recent filing under the United States Internal Revenue Code that indicates that the purchaser or lessee is engaged in commercial agricultural production, commercial fishing or commercial aquacultural production and that the purchased machinery or equipment is depreciable for those purposes or would be depreciable for those purposes if owned by the lessee.

In the event that any piece of machinery or equipment is only partially depreciable under the United States Internal Revenue Code, any reimbursement of the sales tax must be prorated accordingly.

Application for refunds must be filed with the State Tax Assessor within 36 months of the date of purchase or execution of the lease.

**3. Exemption for large purchase after certification.** Sales tax is not paid on the purchase of electricity or a single item of machinery or equipment if the purchaser has the certification of the State Tax Assessor that the purchaser is engaged in commercial agricultural production, commercial fishing or commercial aquacultural production and that the purchaser may purchase electricity or depreciable machinery and equipment without paying Maine sales tax. The seller is required to obtain a copy of the certificate together with an affidavit as prescribed by the State Tax Assessor, to be maintained in the seller's records, attesting to the qualification of the purchase for exemption pursuant to this section. In order to qualify for this exemption, the electricity or depreciable machinery or equipment must be used directly in commercial agricultural production, commercial fishing or commercial aquacultural production.

**Sec. 6. Appropriation.** The following funds are appropriated from the General Fund to carry out the purposes of this Act.

**2000-01**

**ADMINISTRATIVE AND  
FINANCIAL SERVICES,  
DEPARTMENT OF**

**Tree Growth and Farmland  
Tax Reimbursement Program**

All Other	\$300,000
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Provides funds for reimbursement to municipalities for tax revenue lost as a result of farmland enrolled in the farm and open space tax program.

## SUMMARY

This bill implements the recommendations of the Task Force on State Office Building Location, Other State Growth-related Capital Investments and Patterns of Development that relate to tax policy. The bill establishes a second-tier of revenue sharing by creating the Service Center Relief Fund for the purposes of providing general revenue sharing aid to service center communities based upon the comparative noneducation tax burden of each municipality.

The bill reduces the recapture penalty for withdrawal of farmland from the farm and open space tax program to the minimum penalty required by the Constitution of Maine and allows municipalities to be reimbursed an amount equal to 90% of the per-acre tax revenue lost as a result of assessing farmland according to its current use value. The bill requires the Department of Agriculture, Food and Rural Resources and the Bureau of Revenue Services to update the guidelines for the valuation of farmland by December 31, 2000 and biennially thereafter with suggested values by region as appropriate. The bill also provides an exemption from the sales tax for electricity used in commercial agriculture, commercial aquaculture and commercial fishing.

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