

STATE OF MAINE

IN THE YEAR OF OUR LORD
TWO THOUSAND AND THIRTEEN

H.P. 382 - L.D. 563

An Act To Clarify Tax Increment Financing

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

Sec. 1. 30-A MRSA §5222, sub-§13, as enacted by PL 2001, c. 669, §1, is amended to read:

13. Original assessed value. "Original assessed value" means the assessed value of a development district as of March 31st of the tax year preceding the year in which it was designated and, for development districts designated on or after April 1, 2014, "original assessed value" means the taxable assessed value of a development district as of March 31st of the tax year preceding the year in which it was designated by the legislative body of a municipality or a plantation.

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

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

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

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

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

C. The original assessed value of a proposed tax increment financing district plus the original assessed value of all existing tax increment financing districts within the municipality or plantation may not exceed 5% of the total value of taxable property

within the municipality or plantation as of April 1st preceding the date of the commissioner's approval of the designation of the proposed tax increment financing district.

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

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

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

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

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

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

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

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

H. The duration of the ~~program~~ development district, which may not exceed a total of 30 tax years from the date of designation of the district beginning with the tax year

in which the designation of the development district is effective pursuant to section 5226 or, if specified in the development program, the subsequent tax year; and

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

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

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

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

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

(4) Costs of services and equipment to provide skills development and training ~~for residents of, including scholarships to in-state educational institutions or to online learning entities when in-state options are not available, for jobs created or retained in~~ the municipality or plantation. These costs ~~may not exceed 20% of the total project costs and~~ must be designated as training funds in the development program;

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

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

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

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

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

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

Sec. 5. 30-A MRSA §5226, sub-§3, as amended by PL 2011, c. 101, §17, is further amended to read:

3. Effective date. A designation of a tax increment financing district or a development program for a tax increment financing district is effective upon approval by the commissioner. A designation of a development district other than a tax increment financing district is effective upon approval by the municipal or plantation legislative body. A development program other than a development program for a tax increment financing district is effective upon adoption by the municipal or plantation legislative body.

Sec. 6. 30-A MRSA §5231, as amended by PL 2011, c. 101, §24, is further amended to read:

§5231. Bond financing

The legislative body of a municipality or plantation may authorize, issue and sell bonds, including, but not limited to, general obligation or revenue bonds or notes, that mature within ~~20~~ 30 years from the date of issue to finance all project costs needed to carry out the development program within the development district. The plantation or municipal officers authorized to issue the bonds or notes may borrow money in anticipation of the sale of the bonds for a period of up to 3 years by issuing temporary notes and notes in renewal of the bonds. All revenues derived under section 5227 or under section 5228, subsection 1 received by the municipality or plantation are pledged for the payment of the activities described in the development program and used to reduce or cancel the taxes that may otherwise be required to be expended for that purpose. The notes, bonds or other forms of financing may not be included when computing the municipality's or plantation's net debt. Nothing in this section restricts the ability of the municipality or plantation to raise revenue for the payment of project costs in any manner otherwise authorized by law.