

General Information
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Tax Increment Financing

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Date of last revision: 6/2012

This packet includes the following attachments:

- Title 30-A M.R.S.A. [§§ 5221-5235](#);
- [Municipal Tax Increment Financing Rule](#), Department of Economic and Community Development, December 2009;
- [Tax Increment Financing Guidelines](#), City of Portland;
- ["Tax Increment Financing"](#) *Maine Townsman*, June 1995;
- ["A TIF Policy."](#) *Maine Townsman*, January 1997;
- ["TIF Viewpoints."](#) *Maine Townsman*, February 1998;
- [Sample Tax Increment Financing Policy](#), Town of Sanford;
- [Tax Increment Financing Manual](#), click on "TIF Statute/DECD Rules (Word)," Department of Economic and Community Development, January 20, 2011

Important issues and considerations include:

I. Development Districts for Municipalities and Plantations

A. General Overview

Tax increment financing ("TIF") is an economic development tool that enables municipalities to help finance development with the added tax revenues that the development itself generates. Briefly, a municipality designates a tax increment financing ("TIF") district and adopts a development program that must be approved by the Maine Department of Economic and Community Development ("DECD"). The amount of increased assessed value of new development in the TIF district used to finance project costs is "captured," and the property taxes collected thereby are used to pay for the development project costs. This may occur one of two ways: (1) the captured tax increment may be used by the municipality, either directly or through the payment of debt service, to finance public improvements that enhance the development (such as roads or sewers), or (2) the captured tax increment may be used to lower the cost of the development itself through direct payment to the developer under so-called "credit enhancement agreements." In either case, an added benefit of the TIF process is that the captured assessed value does not count toward the municipality's equalized value for purposes of State aid, revenue sharing or county taxes.

Generally, a municipality must comply with the following requirements in order to designate a TIF district. (For a discussion of the several types of TIF districts exempt from these requirements see 30-A M.R.S.A. § 5223(3)(D) and 30-A M.R.S.A. § 5250-I(14). At least 25% by the area of the real property within a development district must be a blighted area, must be in need of rehabilitation, redevelopment or conservation work or must be suitable for industrial sites; no TIF may exceed 2% of the total land area of the municipality; all TIFs combined may not exceed 5% of that area; and the aggregate value of equalized taxable property in TIFs may not exceed 5% of the municipality's total value as of the April 1st preceding the date of designation of the TIF district. (Please note, however, that a 1997 amendment to the TIF statutes exempts from this limitation those districts where the project costs exceed \$ 10,000,000, the taxpayer's property consists of one contiguous

parcel and the value of the district exceeds 10% of the municipality's equalized assessed value). (See 30-A M.R.S.A. §§ 5221-5235, linked above, for details.)

B. Procedure; Powers

TIF districts are designated by the municipality's legislative body (town meeting or town or city council) after a public hearing before the legislative body. Notice of this hearing must be published in a newspaper of general circulation within the municipality at least ten days before the hearing. (See 30-A M.R.S.A. §§ 5223 and 5226, linked above.) Prior to designation of a district or development program, the legislative body "must consider whether the proposed district or program will make a contribution to the economic growth or well-being of the municipality or to the betterment of the health, welfare or safety of the inhabitants of the municipality." Where an interested party presents substantial evidence at the public hearing that the proposed district or program will result in significant detriment to that party's existing business in the municipality, "the legislative body must consider such evidence" and also must consider whether the prospect of benefit to the municipality outweighs the alleged adverse impact. (See 30-A M.R.S.A. § 5223, linked above.)

Prior to final designation of the TIF district, the Commissioner of Economic and Community Development shall review the proposal to determine compliance with the law and to identify any tax shifts occurring within the county in which the district will be designated. The TIF district designation becomes effective upon approval by the municipal legislative body and by the Commissioner. Although the legislative body does not have to designate the TIF district and adopt a development plan for the district at the same meeting, it often makes sense to do so.

A municipality's powers in the implementation of a TIF district development program include the power to acquire property, land or easements pursuant to the development program and to exercise the power of eminent domain in the same manner as it may for community development programs under 30-A M.R.S.A. § 5205. (See 30-A M.R.S.A. § 5223, linked above.) The acquisition, construction and installation of all real and personal property improvements, buildings, structures, fixtures and equipment within the district under the development plan must be complete within five years of the Commissioner's designation of the TIF district. (See 30-A M.R.S.A. § 5223, linked above.)

C. Technical Assistance; Policies

TIF implementation can be a fairly sophisticated undertaking. Local officials should plan to work closely with legal counsel, regional economic development staff and the DECD. In addition to the information attached to this packet (Municipal and State Tax Increment Financing Rule, linked above), technical assistance is available from the DECD's Office of Business Development (287-3153), including DECD's January 20, 2011 "Tax Increment Financing" manual.

Municipalities that are contemplating the use of TIFs as an economic development tool may wish to establish a policy on such issues as: the types of development suitable for TIF programs; the economic, environmental or other objectives to be advanced through the municipality's TIF process; whether credit enhancement agreements will be permitted; and the maximum amount of aggregate tax benefits allowed to the TIF district applicant. (See "A TIF Policy," *Maine Townsman*, January 1997, linked above, and the Town of Sanford's Tax Increment Financing Policy, also linked above).

II. State Tax Increment Financing Districts

State tax increment financing ("STIF") is another economic development tool that is similar to a municipal TIF except that the tax increment is the added sales and income tax revenues generated by new retail or commercial development. (In 2002, the Legislature repealed the STIF statute, formerly found at 30-A M.R.S.A. § 5254, and replaced it with 30-A M.R.S.A. §§5241-5244.) A TIF that qualifies as a STIF (a STIF must be in conjunction with a TIF and also requires DECD approval) is eligible to receive up to 25% of the State tax increment to help subsidize the development. STIFs are subject to a "but for" test (would the development go forward without the STIF?) and must demonstrate that they will make a significant contribution to the State's economy or the public interest without a substantial detriment to existing businesses. However, the STIF statute effectively was repealed as of July 1, 1996, since the statute does not authorize new STIFs after June 30, 1996 and the Legislature has not reauthorized this statute.

III. Maine Employment Tax Increment Financing

The Legislature wished to target State economic development tax incentives to the creation of new, higher paying employment opportunities. Therefore, effective July 1, 1996, the State ceased to approve new STIFs and instituted the Maine Employment Tax Increment Financing Program. Under this program, qualified employers may apply to the Commissioner of Economic and Community Development for reimbursement of a portion of the State income tax withholding attributable to an increase in the level of the business' employment. This increase must be attributable to the creation of new

jobs that provide annual income greater than the county's average per capita income, and access to health benefits and a retirement program. (See 36 M.R.S.A. §§ 6751-6761, not linked.) To qualify, a business must be for-profit, non-retail, non-utility, and must add a minimum of five net new jobs within a two year period. Qualifying businesses are reimbursed up to 80% of their new employees' Maine income tax withholdings for up to ten years. The percentage of a reimbursement is based on a comparison of the local labor market unemployment rate to the State's unemployment rate.

IV. Municipal Affordable Housing Tax Increment Financing

In 2003, the Legislature found that there was a need for the development of affordable, livable housing and the containment of costs related to unplanned development. Accordingly, the Legislature enacted a law authorizing the creation of Affordable Housing Development Districts. The Affordable Housing Tax Increment Financing ("AHTIF") Program authorizes municipalities to adopt a program to encourage the development of affordable housing development within a specified geographic district in the municipality, so long as the municipality's comprehensive plan contemplates such developments.

AHTIF offers communities a financing tool to assist affordable housing projects and support related infrastructure and facilities, including local schools. Additionally, AHTIF enables communities to dedicate the incremental tax revenues from new affordable housing development to help make the housing affordable or to pay for related costs. Communities using AHTIF also avoid the decreases in State revenue sharing and increases in county taxes that otherwise would occur with increased property values.

Municipalities with qualifying proposals are eligible for the AHTIF program. Key requirements include:

- At least 25% of the district area must be suitable for residential use, and development within the district must be primarily residential.
- The development must address an identified community housing need and comply with Maine law regarding growth-related capital investments.
- At least 33% of the housing units must be for households earning no more than 120% of area median income.
- The affordability of rental units must be maintained for at least 30 years; the affordability of homeownership units must be maintained for at least 10 years.

The Director of the Maine State Housing Authority must review and approve of proposed projects. The legislative body of a municipality must designate the district and adopt an affordable housing development program. For more information, see 30-A M.R.S.A. §§5245- 5250-G, not linked.

V. Pine Tree Development Zones

In 2003, the Legislature enacted a new law authorizing the creation of Pine Tree Development Zones. (See 30-A M.R.S.A §§ 5245-5252-C, not linked). Using this method, one or more municipalities may apply to have the Commissioner of Economic and Community Development designate an area within a municipality or within two or more municipalities designated as a Pine Tree Development Zone. Under this law, eligible Maine companies may receive tax breaks, including TIF eligibility and State sales tax exemptions, for locating within these districts. However, companies are eligible for Pine Tree Zone benefits only if they pay more than the prevailing wage in the region, offer health benefits and a retirement plan. Companies relocating from within the state are ineligible. The companies also must be operating in financial services, manufacturing or a targeted technology business.

VI. Pine Tree Recreation Zone

In 2005, the Legislature established the Pine Tree Recreation Zone ("PTRZ") to expand recreational opportunities and encourage tourism and economic development in the area of the State north and east of the Androscoggin River. A business is eligible to qualify for PTRZ benefits if the project is located within the PTRZ and is in a labor market area with a population density of less than 30 people per square mile. Additionally, the business must derive at least 50% of its business from sustainable recreational or agricultural tourism activities that involve the use of available natural resources and provides at least one of the following services: (1) accommodations; (2) guiding or instructional services; and/or (3) the sale or rental of equipment for use in water sports, snow sports, camping and similar nature-based tourism activities. PTRZ benefits include sales tax exemptions for certain building materials and tangible personal property, exclusion from the calculation of a municipality's tax increment financing district within the PTRZ, employment tax increment financing for a fixed period of years and state income tax credits for a fixed number of years.

VII. Pulp and Paper Tax Increment Financing

In 1993, the Legislature authorized pulp and paper tax increment financing districts ("PPTIFs") to enable municipalities to help finance "environmental improvement projects" mandated for the industry by state and federal air and water quality regulations. Again, the tax increment is the added property tax revenue generated by the project. The municipality's legislative body must designate the district and the Commissioner of Economic and Community Development must approve the project. In addition, the Commissioner of Environmental Protection must certify the project. However, PPTIFs are not subject to many of the strict limitations on TIFs and State Tax Increment Financing Districts. (For more details, see 30-A M.R.S.A. §§ 5262-5270, not linked to this packet.)

Maine Department of Economic and Community Development

Home → Start or Grow a Business → Tax Incentives and Credits → Municipal Tax Increment Financing

Municipal Tax Increment Financing (TIF)

Tax Increment Financing is a flexible finance tool used by municipalities, towns, plantations, and the Unorganized Territory to leverage new property taxes generated by a specific project or projects within a defined geographic district. Any portion of the new taxes may be used to finance public or private projects for a defined period of time up to 30 years.

Currently, hundreds of Maine communities have TIF districts, from Caribou to Biddeford, Rumford to Machias.

The Program is locally-driven: the municipality, town, or city defines the district and chooses how much of the new taxes will go to what public and private projects over what period of time, with the whole package requiring local political approval.

A business may approach a municipality with a proposal for investment for which a TIF district would provide financing. Or, a town might take advantage of an already-planned and financed project and create a TIF district around it, capturing a portion of new property tax revenue for specific uses.

Over their term, TIF districts can return thousands to millions of dollars to a municipality. The projects financed may range from upgrading a road or adding a wing to an existing building, or to the Bath Iron Works modernization that created its dry dock ship launching facility.

If your municipality is interested in exploring the possibilities of a TIF district, please contact:

Tina Mullins

Tax Incentives Program Officer

Business and Community Development | DECD

Cross Office Building; 111 Sewall Street, Augusta, ME 04330

207-624-9816

Forms and Instructions

Eligible entities seeking Commissioner approval before April 1, must submit complete applications before/by March 1. Hyperlinked files may require downloads of Adobe Reader or Word Viewer:

- TIF Statute: 30-A M.R.S. §§ 5221-5235
- TIF Rules: 19-100 C.M.R. ch. 1, §§ 1-7 (effective December 22, 2009) (Word)
- 36 M.R.S. §305(1): Property Tax Administration
- 36 M.R.S. §1603: UT Educational and Services Tax
- 36 M.R.S. §1606: UT Educational and Services Tax
- Cover Sheet (Word)
- Employment Goals (Word)
- Statutory Requirements and Thresholds (Word)

Credits

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Title 30-A: MUNICIPALITIES AND COUNTIES
Chapter 206: DEVELOPMENT DISTRICTS

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Title 30-A: MUNICIPALITIES AND COUNTIES
Chapter 206: DEVELOPMENT DISTRICTS

**Subchapter 1: DEVELOPMENT DISTRICTS
FOR MUNICIPALITIES AND PLANTATIONS**

§5221. FINDINGS AND DECLARATION OF NECESSITY

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

- A. Provide new employment opportunities; [2001, c. 669, §1 (NEW) .]
- B. Improve and broaden the tax base; and [2001, c. 669, §1 (NEW) .]
- C. Improve the general economy of the State. [2001, c. 669, §1 (NEW) .]

[2011, c. 101, §1 (AMD) .]

2. Authorization. For the reasons set out in subsection 1, municipalities and plantations may develop a program for improving a district of the municipality or plantation:

- A. To provide impetus for industrial, commercial, transit-oriented or arts district development, or any combination; [2009, c. 314, §1 (AMD) .]
- B. To increase employment; and [2001, c. 669, §1 (NEW) .]
- C. To provide the facilities outlined in the development program adopted by the legislative body of the municipality or plantation. [2011, c. 101, §2 (AMD) .]

[2011, c. 101, §2 (AMD) .]

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

[2001, c. 669, §1 (NEW) .]

SECTION HISTORY

2001, c. 669, §1 (NEW). 2007, c. 413, §1 (AMD). 2009, c. 314, §1 (AMD).
2011, c. 101, §§1, 2 (AMD) .

§5222. DEFINITIONS

As used in this subchapter, unless the context otherwise indicates, the following terms have the following meanings. [2001, c. 669, §1 (NEW) .]

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

[2001, c. 669, §1 (NEW) .]

1-A. Arts district. "Arts district" means a specified area within the corporate limits of a municipality or plantation that has been designated by the municipality or plantation for the purpose of providing employment and cultural opportunities through the development of arts opportunities, including, but not limited to, museums, galleries, arts education, art studios, performing arts venues and associated businesses.

[2011, c. 101, §3 (AMD) .]

2. Captured assessed value. "Captured assessed value" means the amount, as a percentage or stated sum, of increased assessed value that is utilized from year to year to finance the project costs contained within the development program.

[2001, c. 669, §1 (NEW) .]

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

[2001, c. 669, §1 (NEW) .]

4. Current assessed value. "Current assessed value" means the assessed value of the district certified by the municipal or plantation assessor as of April 1st of each year that the development district remains in effect.

[2011, c. 101, §4 (AMD) .]

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

[2001, c. 669, §1 (NEW) .]

6. Development district. "Development district" means a specified area within the corporate limits of a municipality or plantation that has been designated as provided under sections 5223 and 5226 and that is to be developed under a development program.

[2011, c. 101, §5 (AMD) .]

7. Development program. "Development program" means a statement of means and objectives designed to provide new employment opportunities, retain existing employment, improve or broaden the tax base, construct or improve the physical facilities and structures or improve the quality of pedestrian and vehicular transportation, as described in section 5224, subsection 2.

[2001, c. 669, §1 (NEW) .]

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

[2001, c. 669, §1 (NEW) .]

9. Downtown tax increment financing district. "Downtown tax increment financing district" means a tax increment financing district described in a downtown redevelopment plan that is consistent with the downtown criteria established pursuant to rules of the department.

[2001, c. 669, §1 (NEW) .]

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

[2001, c. 669, §1 (NEW) .]

10-A. Fisheries and wildlife or marine resources project. "Fisheries and wildlife or marine resources project" means a project approved by the Department of Inland Fisheries and Wildlife or the Department of Marine Resources undertaken for the purpose of improving public access to freshwater or saltwater fisheries and wildlife resources of the State for fishing, hunting, research or observation or for conservation or improvement of the freshwater or saltwater fisheries and wildlife resources of the State.

[2011, c. 675, §1 (NEW) .]

11. Increased assessed value. "Increased assessed value" means the valuation amount by which the current assessed value of a tax increment financing district exceeds the original assessed value of the district. If the current assessed value is equal to or less than the original, there is no increased assessed value.

[2001, c. 669, §1 (NEW) .]

12. Maintenance and operation. "Maintenance and operation" means all activities necessary to maintain facilities after they have been developed and all activities necessary to operate the facilities, including, but not limited to, informational, promotional and educational programs and safety and surveillance activities.

[2001, c. 669, §1 (NEW) .]

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.

[2013, c. 184, §1 (AMD) .]

14. Project costs. "Project costs" means any expenditures or monetary obligations incurred or expected to be incurred that are authorized by section 5225, subsection 1 and included in a development program.

[2001, c. 669, §1 (NEW) .]

15. Tax increment. "Tax increment" means real and personal property taxes assessed by a municipality or plantation, in excess of any state, county or special district tax, upon the increased assessed value of property in the development district.

[2011, c. 101, §6 (AMD) .]

16. Tax increment financing district. "Tax increment financing district" means a type of development district, or portion of a district, that uses tax increment financing under section 5227.

[2001, c. 669, §1 (NEW) .]

17. Tax shifts. "Tax shifts" means the effect on a municipality's or plantation's state revenue sharing, education subsidies and county tax obligations that results from the designation of a tax increment financing district and the capture of increased assessed value.

[2011, c. 101, §7 (AMD) .]

18. Tax year. "Tax year" means the period of time beginning on April 1st and ending on the succeeding March 31st.

[2001, c. 669, §1 (NEW) .]

19. Transit. "Transit" means transportation systems in which people are conveyed by means other than their own vehicles, including, but not limited to, bus systems, street cars, light rail and other rail systems.

[2009, c. 314, §2 (NEW) .]

20. Transit facility. "Transit facility" means a place providing access to transit services, including, but not limited to, bus stops, bus stations, interchanges on a highway used by one or more transit providers, ferry landings, train stations, shuttle terminals and bus rapid transit stops.

[2009, c. 314, §3 (NEW) .]

21. Transit-oriented development. "Transit-oriented development" means a type of development that links land use with transit facilities to support and be supported by a transit system. It combines housing with complementary public uses such as jobs, retail or services establishments that are located in transit-served nodes or corridors. Transit-oriented development is intended through location and design to rely on transit as one of the means of meeting the transportation needs of residents, customers and occupants as demonstrated through such factors as transit facility proximity, mixed uses, off-street parking space ratio less than industry standards, architectural accommodation for transit and marketing that highlights transit.

[2009, c. 314, §4 (NEW) .]

22. Transit-oriented development area. "Transit-oriented development area" means an area of any shape such that no part of the perimeter is more than 1/4 mile from an existing or planned transit facility.

[2009, c. 314, §5 (NEW) .]

23. Transit-oriented development corridor. "Transit-oriented development corridor" means a strip of land of any length and up to 500 feet on either side of a roadway serving as a principal transit route.

[2009, c. 314, §6 (NEW) .]

24. Transit-oriented development district. "Transit-oriented development district" means a tax increment financing district consisting of a transit-oriented development area or a transit-oriented development corridor.

[2009, c. 314, §7 (NEW) .]

SECTION HISTORY

2001, c. 669, §1 (NEW). 2007, c. 413, §2 (AMD). 2009, c. 314, §§2-7 (AMD). 2011, c. 101, §§3-7 (AMD). 2011, c. 675, §1 (AMD). 2013, c. 184, §1 (AMD).

§5223. DEVELOPMENT DISTRICTS

1. Creation. A municipal or plantation legislative body may designate a development district within the boundaries of the municipality or plantation in accordance with the requirements of this chapter. If the municipality has a charter, the designation of a development district may not be in conflict with the provisions of the municipal charter.

[2011, c. 101, §8 (AMD) .]

2. Considerations for approval. Before designating a development district within the boundaries of a municipality or plantation, or before establishing a development program for a designated development district, the legislative body of a municipality or plantation must consider whether the proposed district or program will contribute to the economic growth or well-being of the municipality or plantation or to the betterment of the health, welfare or safety of the inhabitants of the municipality or plantation. Interested parties must be given a reasonable opportunity to present testimony concerning the proposed district or program at the hearing provided for in section 5226, subsection 1. If an interested party claims at the public hearing that the proposed district or program will result in a substantial detriment to that party's existing business in the municipality or plantation and produces substantial evidence to that effect, the legislative body must consider that evidence. When considering that evidence, the legislative body also shall consider whether any adverse economic effect of the proposed district or program on that interested party's existing business in the municipality or plantation is outweighed by the contribution made by the district or program to the economic growth or well-being of the municipality or plantation or to the betterment of the health, welfare or safety of the inhabitants of the municipality or plantation.

[2011, c. 101, §8 (AMD) .]

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. [2011, c. 675, §2 (AMD) .]

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. [2011, c. 101, §8 (AMD) .]

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. [2011, c. 101, §8 (AMD) .]

D. [2013, c. 184, §2 (RP) .]

The conditions in paragraphs A to 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.

[2013, c. 184, §2 (AMD) .]

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

[2011, c. 101, §8 (AMD) .]

SECTION HISTORY

2001, c. 669, §1 (NEW). 2003, c. 451, §NNN1 (AMD). 2005, c. 646, §1 (AMD). 2007, c. 413, §3 (AMD). 2007, c. 693, §3 (AMD). 2007, c. 693, §37 (AFF). 2009, c. 314, §8 (AMD). 2009, c. 627, §1 (AMD). 2011, c. 101, §8 (AMD). 2011, c. 287, §1 (AMD). 2011, c. 675, §2 (AMD). 2011, c. 691, Pt. A, §31 (AMD). 2013, c. 184, §2 (AMD).

§5224. DEVELOPMENT PROGRAMS

1. Adoption. The legislative body of a municipality or plantation shall adopt a development program for each development district. The development program must be adopted at the same time as is the district, as part of the district adoption proceedings or, if at a different time, in the same manner as adoption of the district, with the same notice and hearing requirements of section 5226. Before adopting a development program, the municipal or plantation legislative body shall consider the factors and evidence specified in section 5223, subsection 2.

[2011, c. 101, §9 (AMD) .]

2. Requirements. The development program must include:

- A. A financial plan in accordance with subsections 3 and 4; [2001, c. 669, §1 (NEW) .]
- B. A description of public facilities, improvements or programs to be financed in whole or in part by the development program; [2001, c. 669, §1 (NEW) .]
- C. A description of commercial facilities, arts districts, transit expansion, improvements or projects to be financed in whole or in part by the development program; [2009, c. 314, §9 (AMD) .]
- D. Plans for the relocation of persons displaced by the development activities; [2001, c. 669, §1 (NEW) .]
- E. The proposed regulations and facilities to improve transportation; [2001, c. 669, §1 (NEW) .]
- F. The environmental controls to be applied; [2001, c. 669, §1 (NEW) .]
- G. The proposed operation of the development district after the planned capital improvements are completed; [2001, c. 669, §1 (NEW) .]

H. The duration of the development district, which may not exceed a total of 30 tax years 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 [2013, c. 184, §3 (AMD) .]

I. All documentation submitted to or prepared by the municipality or plantation under section 5223, subsection 2. [2011, c. 101, §10 (AMD) .]

[2013, c. 184, §3 (AMD) .]

3. Financial plan for development program. The financial plan for a development program must include:

- A. Cost estimates for the development program; [2001, c. 669, §1 (NEW) .]
- B. The amount of public indebtedness to be incurred; [2001, c. 669, §1 (NEW) .]
- C. Sources of anticipated revenues; and [2001, c. 669, §1 (NEW) .]
- D. A description of the terms and conditions of any agreements, contracts or other obligations related to the development program. [2001, c. 669, §1 (NEW) .]

[2001, c. 669, §1 (NEW) .]

4. Financial plan for tax increment financing districts. In addition to the items required by subsection 3, the financial plan for a development program for a tax increment financing district must include the following for each year of the program:

- A. Estimates of increased assessed values of the district; [2001, c. 669, §1 (NEW) .]
- B. The portion of the increased assessed values to be applied to the development program as captured assessed values and resulting tax increments in each year of the program; and [2001, c. 669, §1 (NEW) .]
- C. A calculation of the tax shifts resulting from designation of the tax increment financing district. [2001, c. 669, §1 (NEW) .]

[2001, c. 669, §1 (NEW) .]

5. Limitation. For tax increment financing districts, the municipality or plantation may expend the tax increments received for any development program only in accordance with the financial plan.

[2011, c. 101, §11 (AMD) .]

SECTION HISTORY

2001, c. 669, §1 (NEW). 2007, c. 413, §4 (AMD). 2009, c. 314, §9 (AMD). 2011, c. 101, §§9-11 (AMD). 2013, c. 184, §3 (AMD).

§5225. PROJECT COSTS

1. Authorized project costs. The commissioner shall review proposed project costs to ensure compliance with this subsection. Authorized project costs are:

- A. Costs of improvements made within the tax increment financing district, including, but not limited to:
 - (1) Capital costs, including, but not limited to:
 - (a) The acquisition or construction of land, improvements, public ways, buildings, structures, fixtures and equipment for public, arts district, new or existing recreational trail, commercial or transit-oriented development district use.

- (i) Eligible transit-oriented development district capital costs include but are not limited to: transit vehicles such as buses, ferries, vans, rail conveyances and related equipment; bus shelters and other transit-related structures; benches, signs and other transit-related infrastructure; bicycle lane construction and other bicycle-related improvements; pedestrian improvements such as crosswalks, crosswalk signals and warning systems and crosswalk curb treatments; and the nonresidential commercial portions of transit-oriented development projects.
 - (ii) Eligible recreational trail-related development district capital costs include but are not limited to new or existing trails, including 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, signs, crosswalks, signals and warning systems and other related improvements.
 - (iii) Eligible development district capital costs for public ways include but are not limited to scenic turnouts, signs, railing and other related improvements;
 - (b) The demolition, alteration, remodeling, repair or reconstruction of existing buildings, structures and fixtures;
 - (c) Site preparation and finishing work; and
 - (d) All fees and expenses that are eligible to be included in the capital cost of such improvements, including, but not limited to, licensing and permitting expenses and planning, engineering, architectural, testing, legal and accounting expenses;
 - (2) Financing costs, including, but not limited to, closing costs, issuance costs and interest paid to holders of evidences of indebtedness issued to pay for project costs and any premium paid over the principal amount of that indebtedness because of the redemption of the obligations before maturity;
 - (3) Real property assembly costs;
 - (4) Professional service costs, including, but not limited to, licensing, architectural, planning, engineering and legal expenses;
 - (5) Administrative costs, including, but not limited to, reasonable charges for the time spent by municipal or plantation employees in connection with the implementation of a development program;
 - (6) Relocation costs, including, but not limited to, relocation payments made following condemnation;
 - (7) Organizational costs relating to the establishment of the district, including, but not limited to, the costs of conducting environmental impact and other studies and the costs of informing the public about the creation of development districts and the implementation of project plans; and
 - (8) 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; [2011, c. 101, §12 (AMD) .]
- B. Costs of improvements that are made outside the tax increment financing district but are directly related to or are made necessary by the establishment or operation of the district, including, but not limited to:
- (1) That portion of the costs reasonably related to the construction, alteration or expansion of any facilities not located within the district that are required due to improvements or activities within the district, including, but not limited to, sewage treatment plants, water treatment plants or other environmental protection devices; storm or sanitary sewer lines; water lines; electrical lines; improvements to fire stations; and amenities on streets;
 - (2) Costs of public safety improvements made necessary by the establishment of the district; and

(3) Costs of funding to mitigate any adverse impact of the district upon the municipality or plantation and its constituents. This funding may be used for public facilities and improvements if:

- (a) The public facilities or improvements are located in a downtown tax increment financing district; and
- (b) The entire tax increment from the downtown tax increment financing district is committed to the development program of the tax increment financing district; [2011, c. 101, §13 (AMD) .]

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, investment funds and grants;
- (4) Costs of services and equipment to provide skills development and training, 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 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 [2013, c. 184, §4 (AMD) .]

D. Costs of constructing or improving facilities or buildings leased by State Government or a municipal or plantation government that are located in approved downtown tax increment financing districts. [2011, c. 101, §15 (AMD) .]

[2013, c. 184, §4 (AMD) .]

2. Unauthorized project costs. Except as provided in subsection 1, paragraph D, the commissioner may not approve as a project cost the cost of facilities, buildings or portions of buildings used predominantly for the general conduct of government or for public recreational purposes, including, but not limited to, city

halls and other headquarters of government where the governing body meets regularly, courthouses, jails, police stations and other state and local government office buildings, recreation centers, athletic fields and swimming pools.

[2001, c. 669, §1 (NEW) .]

3. Limitation. Tax increments received from any development program may not be used to circumvent other tax laws.

[2001, c. 669, §1 (NEW) .]

SECTION HISTORY

2001, c. 669, §1 (NEW). 2007, c. 413, §§5, 6 (AMD). RR 2009, c. 1, §22 (COR). 2009, c. 85, §1 (AMD). 2009, c. 126, §1 (AMD). 2009, c. 314, §§10, 11 (AMD). 2011, c. 101, §§12-15 (AMD). 2011, c. 102, §1 (AMD). 2011, c. 675, §3 (AMD). 2013, c. 184, §4 (AMD).

§5226. PROCEDURE

1. Notice and hearing. Before designating a development district or adopting a development program, the municipal or plantation legislative body or the municipal or plantation legislative body's designee must hold at least one public hearing. Notice of the hearing must be published at least 10 days before the hearing in a newspaper of general circulation within the municipality or plantation.

[2011, c. 101, §16 (AMD) .]

2. Review by commissioner. Before final designation of a tax increment financing district, the commissioner shall review the proposal to ensure that the proposal complies with statutory requirements. In the case of a downtown tax increment financing district, the Department of Agriculture, Conservation and Forestry and the Department of Transportation shall review the proposal and provide advice to assist the commissioner in making a decision under this subsection.

[2011, c. 655, Pt. JJ, §26 (AMD); 2011, c. 655, Pt. JJ, §41 (AFF); 2011, c. 657, Pt. W, §5 (REV) .]

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.

[2013, c. 184, §5 (AMD) .]

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

[2011, c. 101, §18 (AMD) .]

5. Amendments. A municipality or plantation may amend a designated development district or an adopted development program only after meeting the requirements of this section for designation of a development district or adoption of a development program. A municipality or plantation may not amend the designation of a development district if the amendment would result in the district's being out of compliance with any of the conditions in section 5223, subsection 3.

[2011, c. 101, §19 (AMD) .]

SECTION HISTORY

2001, c. 669, §1 (NEW). 2011, c. 101, §§16-19 (AMD). 2011, c. 655, Pt. JJ, §26 (AMD). 2011, c. 655, Pt. JJ, §41 (AFF). 2011, c. 657, Pt. W, §5 (REV). 2013, c. 184, §5 (AMD).

§5227. TAX INCREMENT FINANCING

1. Designation of captured assessed value. A municipality or plantation may retain all or part of the tax increment revenues generated from the increased assessed value of a tax increment financing district for the purpose of financing the development program. The amount of tax increment revenues to be retained is determined by designating the captured assessed value. When a development program for a tax increment financing district is adopted, the municipal or plantation legislative body shall adopt a statement of the percentage of increased assessed value to be retained as captured assessed value in accordance with the development program. The statement of percentage may establish a specific percentage or percentages or may describe a method or formula for determination of the percentage. The municipal assessor or plantation assessor shall certify the amount of the captured assessed value to the municipality or plantation each year.

[2011, c. 101, §20 (AMD) .]

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

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

[2011, c. 101, §20 (AMD) .]

3. Development program fund; tax increment revenues. If a municipality or plantation has designated captured assessed value under subsection 1, the municipality or plantation shall:

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

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

(2) In instances of municipal or plantation indebtedness, a development sinking fund account that is pledged to and charged with the payment of the interest and principal as the interest and principal fall due and the necessary charges of paying interest and principal on any notes, bonds or other evidences of indebtedness that were issued to fund or refund the cost of the development program fund; [2011, c. 101, §20 (AMD) .]

B. Annually set aside all tax increment revenues on captured assessed values and deposit all such revenues to the appropriate development program fund account established under paragraph A in the following order of priority:

(1) To the development sinking fund account, an amount sufficient, together with estimated future revenues to be deposited to the account and earnings on the amount, to satisfy all annual debt service on bonds and notes issued under section 5231 and the financial plan; and

(2) To the project cost account, an amount sufficient, together with estimated future revenues to be deposited to the account and earnings on the amount, to satisfy all annual project costs to be paid from the account; [2001, c. 669, §1 (NEW) .]

C. Make transfers between development program fund accounts established under paragraph A as required, provided that the transfers do not result in a balance in the development sinking fund account that is insufficient to cover the annual obligations of that account; and [2001, c. 669, §1 (NEW) .]

D. Annually return to the municipal or plantation general fund any tax increment revenues remaining in the development sinking fund account established under paragraph A in excess of those estimated to be required to satisfy the obligations of the development sinking fund account after taking into account any transfers made under paragraph C. The municipality or plantation, at any time during the term of the district, by vote of the municipal or plantation officers, may return to the municipal or plantation general fund any tax increment revenues remaining in the project cost account established under paragraph A in excess of those estimated to be required to satisfy the obligations of the development project cost account after taking into account any transfer made under paragraph C. In either case, the corresponding amount of local valuation may not be included as part of the captured assessed value as specified by the municipality or plantation. [2011, c. 101, §20 (AMD) .]

[2011, c. 101, §20 (AMD) .]

SECTION HISTORY

2001, c. 669, §1 (NEW) . 2011, c. 101, §20 (AMD) .

§5228. ASSESSMENTS

1. Assessments. A municipality or plantation may estimate and make the following assessments:

A. A development assessment upon lots or property within the development district. The assessment must be made upon lots or property that have been benefited by improvements constructed or created under the development program and may not exceed a just and equitable proportionate share of the cost of the improvement. All revenues from assessments under this paragraph are paid into the appropriate development fund program account established under section 5227, subsection 3; [2001, c. 669, §1 (NEW) .]

B. A maintenance assessment upon all lots or property within the development district. The assessment must be assessed equally and uniformly on all lots or property receiving benefits from the development program and the continued operation of the public facilities. The total maintenance assessments may not exceed the cost of maintenance and operation of the public facilities within the district. The cost of maintenance and operation must be in addition to the cost of maintenance and operation already being performed by the municipality or plantation within the district when the development district was adopted; and [2011, c. 101, §21 (AMD) .]

C. An implementation assessment upon all lots or property within the development district. The assessment must be assessed equally and uniformly on all lots or property receiving benefits from the development program. The implementation assessments may be used to fund activities that, in the opinion of the municipal or plantation legislative body, are reasonably necessary to achieve the purposes of the development program. The activities funded by implementation assessments must be in addition to those already conducted within the district by the municipality or plantation when the development district was adopted. [2011, c. 101, §21 (AMD) .]

[2011, c. 101, §21 (AMD) .]

2. Notice and hearing. Before estimating and making an assessment under subsection 1, the municipality or plantation must give notice and hold a hearing. Notice of the hearing must be published at least 10 days before the hearing in a newspaper of general circulation within the municipality or plantation. The notice must include:

- A. The date, time and place of hearing; [2001, c. 669, §1 (NEW) .]
- B. The boundaries of the development district by legal description; [2001, c. 669, §1 (NEW) .]
- C. A statement that all interested persons owning real estate or taxable property located within the district will be given an opportunity to be heard at the hearing and an opportunity to file objections to the amount of the assessment; [2001, c. 669, §1 (NEW) .]
- D. The maximum rate of assessments to be extended in any one year; and [2001, c. 669, §1 (NEW) .]
- E. A statement indicating that a proposed list of properties to be assessed and the estimated assessments against those properties is available at the city or town office or at the office of the assessor. [2001, c. 669, §1 (NEW) .]

The notice may include a maximum number of years the assessments will be levied.

[2011, c. 101, §21 (AMD) .]

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

[2011, c. 101, §21 (AMD) .]

4. Increase of assessments and extension of time limits. A municipality or plantation may increase assessments or extend the specified period after notice and hearing as required under subsection 2.

[2011, c. 101, §21 (AMD) .]

5. Collection. Assessments made under this section must be collected in the same manner as municipal or plantation taxes. The constable or municipal tax collector or plantation assessor has all the authority and powers by law to collect the assessments. If any property owner fails to pay any assessment or part of an assessment on or before the dates required, the municipality or plantation has all the authority and powers to collect the delinquent assessments vested in the municipality or plantation by law to collect delinquent municipal or plantation taxes.

[2011, c. 101, §21 (AMD) .]

SECTION HISTORY

2001, c. 669, §1 (NEW) . 2011, c. 101, §21 (AMD) .

§5229. RULES

The commissioner may adopt rules necessary to carry out the duties imposed by this chapter and to ensure municipal or plantation compliance with this subchapter following designation of a tax increment financing district. Rules adopted pursuant to this section are routine technical rules as defined in Title 5, chapter 375, subchapter 2-A. [2011, c. 101, §22 (AMD) .]

SECTION HISTORY

2001, c. 669, §1 (NEW) . 2011, c. 101, §22 (AMD) .

§5230. GRANTS

A municipality or plantation may receive grants or gifts for any of the purposes of this chapter. The tax increment revenues within a development district may be used as the local match for certain grant programs. [2011, c. 101, §23 (AMD).]

SECTION HISTORY

2001, c. 669, §1 (NEW). 2011, c. 101, §23 (AMD).

§5231. BOND FINANCING

The legislative body of a municipality or plantation may authorize, issue and sell bonds, including, but not limited to, general obligation or revenue bonds or notes, that mature within 30 years from the date of issue to finance all project costs needed to carry out the development program within the development district. The plantation or municipal officers authorized to issue the bonds or notes may borrow money in anticipation of the sale of the bonds for a period of up to 3 years by issuing temporary notes and notes in renewal of the bonds. All revenues derived under section 5227 or under section 5228, subsection 1 received by the municipality or plantation are pledged for the payment of the activities described in the development program and used to reduce or cancel the taxes that may otherwise be required to be expended for that purpose. The notes, bonds or other forms of financing may not be included when computing the municipality's or plantation's net debt. Nothing in this section restricts the ability of the municipality or plantation to raise revenue for the payment of project costs in any manner otherwise authorized by law. [2013, c. 184, §6 (AMD).]

SECTION HISTORY

2001, c. 669, §1 (NEW). 2011, c. 101, §24 (AMD). 2013, c. 184, §6 (AMD).

§5232. TAX EXEMPTION

All publicly owned parking structures and pedestrian skyway systems are exempt from taxation by the municipality or plantation, county and State. This section does not exempt any lessee or person in possession from taxes or assessments payable under Title 36, section 551. [2011, c. 101, §25 (AMD).]

SECTION HISTORY

2001, c. 669, §1 (NEW). 2011, c. 101, §25 (AMD).

§5233. ADVISORY BOARD

The legislative body of a municipality or plantation may create an advisory board, a majority of whose members must be owners or occupants of real property located in or adjacent to the development district they serve. The advisory board shall advise the legislative body and the designated administrative entity on the planning, construction and implementation of the development program and maintenance and operation of the district after the program has been completed. [2011, c. 101, §26 (AMD).]

SECTION HISTORY

2001, c. 669, §1 (NEW). 2011, c. 101, §26 (AMD).

§5234. SPECIAL PROVISIONS

Notwithstanding the provisions of section 5223, subsection 1 and any other provision of law, in the case of investments exceeding \$100,000,000 in shipyard facilities in districts authorized prior to June 30, 1999, revenues must be set aside and deposited by the municipality or plantation to the appropriate development program fund account established under section 5227, subsection 3 and expended to satisfy the obligations of the accounts without the need for further action by the municipality or plantation by appropriation or

otherwise. Unless otherwise provided by the municipality or plantation in connection with its approval of the district, tax increment revenues on all captured assessed value may not be taken into account for purposes of calculating any limitation on the municipality's or plantation's annual expenditures or appropriations, and the payment of tax increment revenues on captured assessed value is not subject to any limitation or restriction on the municipality's or plantation's authority or power to enter into contracts with respect to making payments for a term equal to the term of the district. [2011, c. 101, §27 (AMD) .]

SECTION HISTORY

2001, c. 669, §1 (NEW) . 2011, c. 101, §27 (AMD) .

§5235. UNORGANIZED TERRITORY

For the purposes of this chapter, a county may act as a municipality for the unorganized territory within the county and may designate development districts within the unorganized territory. When a county acts under this section, the county commissioners act as the municipality and as the municipal legislative body, the State Tax Assessor acts as the municipal assessor and the unorganized territory fund receives the funds designated for the municipal general fund. For purposes of section 5228, the State acts as the municipal assessing authority. [2001, c. 669, §1 (NEW) .]

SECTION HISTORY

2001, c. 669, §1 (NEW) .

Subchapter 2: STATE TAX INCREMENT FINANCING DISTRICTS

§5241. DEFINITIONS

As used in this subchapter, unless the context otherwise indicates, the following terms have the following meanings. [2001, c. 669, §1 (NEW) .]

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

[2001, c. 669, §1 (NEW) .]

2. Affiliated business. "Affiliated business" means 2 businesses exhibiting either of the following relationships:

A. One business owns 50% or more of the stock of the other business or owns a controlling interest in the other; or [2001, c. 669, §1 (NEW) .]

B. Fifty percent of the stock or a controlling interest is directly or indirectly owned by a common owner or owners. [2001, c. 669, §1 (NEW) .]

[2001, c. 669, §1 (NEW) .]

3. Affiliated group. "Affiliated group" means a designated business and its corresponding affiliated businesses;

[2001, c. 669, §1 (NEW) .]

4. Captured assessed value. "Captured assessed value" means the amount, as a percentage or stated sum, of increased assessed value that is utilized from year to year to finance the project costs contained within the development program.

[2001, c. 669, §1 (NEW) .]

5. Commission.

[2007, c. 395, §30 (RP) .]

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

[2001, c. 669, §1 (NEW) .]

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

[2001, c. 669, §1 (NEW) .]

8. Designated business. "Designated business" means a business located within the boundaries of a development district and designated by the municipality as a "designated business" for purposes of state tax increment financing.

[2001, c. 669, §1 (NEW) .]

9. Development district. "Development district" means a specified area within the corporate limits of a municipality that has been designated as provided under section 5226 and that is to be developed by the municipality under a development program.

[2001, c. 669, §1 (NEW) .]

10. Development program. "Development program" means a statement of means and objectives designed to provide new employment opportunities, retain existing employment, improve or broaden the tax base and improve the physical facilities and structures or the quality of pedestrian and vehicular transportation, as described in section 5224.

[2001, c. 669, §1 (NEW) .]

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

[2001, c. 669, §1 (NEW) .]

12. Gross state tax increment. "Gross state tax increment" means the difference, if any, between the sales and income tax revenues attributable to the state tax increment financing district for the current period and the sales and income tax revenues attributable to the state tax increment financing district for the base period.

[2001, c. 669, §1 (NEW) .]

13. Market area. "Market area" means a geographic region exclusive of a state tax increment financing district that will be affected by the operation of the district.

[2001, c. 669, §1 (NEW) .]

14. Project costs. "Project costs" means any expenditures or monetary obligations incurred or expected to be incurred that are authorized by section 5225, subsection 1 and included in a development program.

[2001, c. 669, §1 (NEW) .]

15. State tax increment. "State tax increment" means the net annual gain, if any, in sales tax paid as a result of taxable events occurring within a state tax increment financing district and the net annual gain, if any, in state income taxes withheld as a result of wages paid for labor performed within the district.

[2001, c. 669, §1 (NEW) .]

16. State tax increment financing district. "State tax increment financing district" means a type of tax increment financing district, or portion of a district, that uses state tax increment financing under section 5242.

[2001, c. 669, §1 (NEW) .]

17. Tax increment financing district. "Tax increment financing district" means a type of development district, or portion of a district, that uses tax increment financing under section 5227.

[2001, c. 669, §1 (NEW) .]

SECTION HISTORY

2001, c. 669, §1 (NEW). 2007, c. 395, §30 (AMD) .

§5242. STATE TAX INCREMENT FINANCING

1. Eligibility. Any tax increment financing district designated by a municipality and approved by the commissioner under section 5226, subsection 2 is eligible to be approved as a state tax increment financing district if captured assessed value within the district is created after July 30, 1991, except that, in accordance with subsection 12, no new state tax increment financing district may be created after June 30, 1996.

[2001, c. 669, §1 (NEW) .]

2. Procedure for establishing state tax increment financing district. A municipality desiring to establish a state tax increment financing district must apply to the commissioner for approval of the proposed state tax increment financing district. The procedure for application is as follows.

A. The proposed state tax increment financing district must be approved locally by vote of the municipal officers of the municipality within which the proposed district will be located. Before approving a state tax increment financing district, the municipal officers must hold at least one public hearing. Notice of the hearing must be published at least 10 days before the hearing in a newspaper of general circulation within the county in which the municipality is located. [2001, c. 669, §1 (NEW) .]

B. The municipal officers shall adopt for the proposed state tax increment financing district a development program that identifies all designated businesses within the district and sets forth the amount of sales tax paid by designated businesses in connection with operations within the proposed district, the number of employees at designated businesses and the total state income taxes withheld by designated businesses for the base period. The development program may be combined with or integrated into the development program for the underlying municipal development district pursuant to subchapter I or may be separately stated, maintained and implemented. The development program may specify the allocable shares of the municipality and each designated business for liability for refund of the state tax increment revenues resulting from an audit. That allocation may be made by any means determined by the municipal officers to reasonably reflect the economic benefit derived from operation of the district. [2001, c. 669, §1 (NEW) .]

C. Prior to approval of the proposed state tax increment financing district, the committee shall estimate the annual amount to be deposited in the state tax increment contingent account pursuant to subsection 6 for all existing state tax increment financing districts, including the proposed district, and that estimate may be used only in determining compliance with the limitations imposed under subsection 8, paragraphs C and D. [2001, c. 669, §1 (NEW) .]

D. The municipality, acting through its municipal officers or their designee, shall submit an application to the commissioner on such form or forms and with such supporting data as the commissioner requires for approval of the proposed state tax increment financing district, including without limitation certifications by the designated businesses as to the average annual number of persons employed by each designated business within the boundaries of the proposed district, the average total state income taxes withheld by designated businesses during the base period and the average annual amount of sales tax remittances paid by each designated business from operations within the boundaries of the proposed district during the base period. [2001, c. 669, §1 (NEW) .]

[2001, c. 669, §1 (NEW) .]

3. Approval. Prior to issuing a certificate of approval for any state tax increment financing district, the commissioner must determine that:

A. The economic development described in the development program will not go forward without the approval of the state tax increment financing district. This requirement does not apply to the addition of state tax increment financing provisions to municipal development districts that are created prior to June 30, 1992; [2001, c. 669, §1 (NEW) .]

B. The proposed district will make a contribution to the economic growth of the State, the control of pollution in the State or the betterment of the health, welfare or safety of the inhabitants of the State; and [2001, c. 669, §1 (NEW) .]

C. The economic development described in the development program will not result in a substantial detriment to existing businesses in the State. In order to make this determination, the commissioner shall consider, pursuant to Title 5, chapter 375, subchapter 2, those factors the commissioner determines necessary to measure and evaluate the effect of the proposed district on existing businesses, including:

- (1) Whether a proposed district should be approved if, as a result of the benefits to designated businesses, there will not be sufficient demand within the market area of the State to be served by the project to employ the efficient capacity of existing businesses; and
- (2) Whether any adverse economic effect of the proposed district on existing businesses is outweighed by the contribution described in paragraph B.

The municipality has the burden of demonstrating that the proposed district will not result in a substantial detriment to existing businesses in accordance with the requirements of this paragraph, including rules adopted pursuant to this paragraph, except that, when no interested parties object to the proposed district, the requirements of this paragraph are deemed satisfied. Interested parties must be given an opportunity, with or without a hearing at the discretion of the commissioner, to present their objections to the proposed district on grounds that the proposed district will result in a substantial detriment to existing businesses. If any interested party presents objections with reasonable specificity and persuasiveness, the commissioner may divulge any information concerning the economic development described in the development program that the commissioner considers necessary for a fair presentation by the objecting party and an evaluation of those objections. If the commissioner finds that the municipality has failed to meet its burden as specified in this paragraph, the application must be denied.

Rules adopted pursuant to this paragraph are routine technical rules as defined in Title 5, chapter 375, subchapter 2-A.

Upon approval of the state tax increment financing district, the commissioner shall issue a certificate of approval.

[2001, c. 2, Pt. A, §40 (COR) .]

4. Retained state tax revenues. The following provisions govern retained state tax revenues.

A. On or before April 15th of each year, designated businesses located within a state tax increment financing district shall report the amount of sales tax paid in connection with operations within the district, the number of employees within the district, the state income taxes withheld from employees within the district for the immediately preceding calendar year and any further information the State Tax Assessor may reasonably require.

On or before June 30th of each year, the State Tax Assessor shall determine the state tax increment of a district for the preceding calendar year. [2001, c. 669, §1 (NEW) .]

B. A municipality may receive up to 25% of the state tax increment revenues generated by or at designated businesses within a state tax increment financing district as determined by the State Tax Assessor subject to the further limitations in subsection 8, and that amount is referred to in this section as "retained state tax increment revenues." [2001, c. 669, §1 (NEW) .]

[2001, c. 669, §1 (NEW) .]

5. Calculation of state tax increment. The State Tax Assessor shall calculate a state tax increment for a particular state tax increment financing district by:

A. Determining the gross state tax increment as applicable to the particular district; [2001, c. 669, §1 (NEW) .]

B. Determining the state tax increment as applicable to the particular district by removing from the gross state tax increment:

(1) Revenues attributed to business activity shifted from affiliated businesses to the state tax increment financing district. This adjustment is calculated by comparing the current year's sales and income tax revenues for each designated business that is a member of an affiliated group with revenues for the group as a whole. If the growth in sales and income tax revenue for the entire group exceeds the growth of sales and income tax revenue generated by the designated business, the gross state tax increment does not have to be adjusted to remove business activity shifted from affiliated businesses. If the growth in sales and income tax revenue for the affiliated group is less than the growth in sales and income tax revenue for the designated business, the difference is presumed to have been shifted from affiliated businesses to the designated business and the gross state tax increment for the district is reduced by the difference; and

(2) Revenues attributed to normal growth. This adjustment is calculated by subtracting from the gross state tax increment a figure obtained by multiplying the previous year's total amount of sales taxes reported and income taxes withheld by designated businesses within the district by the percentage change in sales tax receipts and withholding taxes for all businesses within the State as a whole; [2001, c. 669, §1 (NEW) .]

C. Offsetting designated businesses with negative tax increments with those with positive increments in determining the state tax increment for the district as a whole; and [2001, c. 669, §1 (NEW) .]

D. Excluding all income tax revenue in calculating the state tax increment attributable to retail business operations. [2001, c. 669, §1 (NEW) .]

[2001, c. 669, §1 (NEW) .]

6. State tax increment contingent account created. The Commissioner of Administrative and Financial Services shall establish, maintain and administer the state tax increment contingent account. On or before June 30th of each year, the Commissioner of Administrative and Financial Services shall deposit an amount equal to the total retained state tax increment revenues for the preceding calendar year for approved state tax increment financing districts in the state tax increment contingent account. On or before July 31st

of each year, the Commissioner of Administrative and Financial Services shall pay to each municipality an amount equal to the retained state tax increment revenues for the preceding calendar year from all state tax increment financing districts located within that municipality.

[2001, c. 669, §1 (NEW) .]

7. Application of payment to municipalities. All retained state tax increment revenues paid to a municipality must be deposited in the appropriate development program fund established in section 5227, subsection 3 and invested, used and applied in the manner described in the development program, except that:

A. The amount of retained state tax increment revenues paid to a municipality may not exceed the amount of tax increment revenues generated by the municipality pursuant to section 5227, subsection 3 and required to be deposited in a development program fund account; and [2001, c. 669, §1 (NEW) .]

B. All retained state tax increment revenues not required to satisfy the estimated obligations of the development program fund account revert to the State. [2001, c. 669, §1 (NEW) .]

[2001, c. 669, §1 (NEW) .]

8. Limitations. The following limitations apply.

A. A state tax increment financing district may apply only to designated businesses involved in nonretail commercial activities, including, but not limited to, manufacturing, wholesaling, warehousing, distribution, office, administration and other service-related commercial activities. Notwithstanding this paragraph, a state tax increment financing district may apply to designated businesses involved in retail commercial activities pursuant to subsection 9. The state tax increment must be calculated pursuant to this section. [2001, c. 669, §1 (NEW) .]

B. A development program for a state tax increment financing district must identify all designated businesses within the district and specify the direct financial benefits to be provided to the designated businesses, if any. A municipality may designate a business relocating from another location in this State, when that relocation involves moving the locus of employment and sales, only if the municipal officers find that the relocation will result in an increase in the amount of sales or the number of employees of the business above the average annual sales and employment levels at the prior location during the base period. When such a relocating business is designated, the sales tax, the number of employees and the state income taxes withheld for the base period must be those reported in the development program for that business at its prior location. [2001, c. 669, §1 (NEW) .]

C. The retained state tax increment revenues attributable to an individual state tax increment financing district may not exceed 10% of the aggregated total allowed within the state tax increment contingent account. [2001, c. 669, §1 (NEW) .]

D. At no time may the aggregate annual retained state tax increment revenues for all state tax increment financing districts exceed \$20,000,000. [2001, c. 669, §1 (NEW) .]

E. A transfer of ownership interest in or any of the assets of an existing business may not be construed as creating newly generated state tax revenues except to the extent of actual increase in the amount of sales or the number of employees above the average annual sales and employment levels during the base period. [2001, c. 669, §1 (NEW) .]

F. State tax increment revenues received by a municipality pursuant to subsection 4 may be used by the municipality to offset up to 1/2 of existing tax increment financing obligations arising under section 5227. [2001, c. 669, §1 (NEW) .]

G. State tax increment revenues received by a municipality with respect to a particular state tax increment financing district pursuant to subsection 4 may not exceed the amount of estimated state tax increment revenues contained in the district's development program approved by the commissioner pursuant to subsection 2. [2001, c. 669, §1 (NEW) .]

[2001, c. 669, §1 (NEW) .]

9. Districts containing retail business operations. The commissioner shall approve a state tax increment financing district in which a retail business operation is a designated business upon making a factual determination that the following conditions are satisfied:

A. The district will result in total annual sales tax revenues equal to or greater than \$3,000,000 or the district involves, aids or otherwise relates to downtown redevelopment. For purposes of this subsection, "downtown redevelopment" means any rehabilitation or improvement of an area described in the development program that has been used primarily for retail trade and related purposes for at least 25 years, is identified in the municipality's comprehensive plan or zoning ordinance as an area designated for retail trade and related uses and is a blighted area or an area in need of rehabilitation or redevelopment; and [2001, c. 669, §1 (NEW) .]

B. A state tax increment is likely to result from the district and that increment will not include sales tax revenues derived from a transferring or shifting of retail sales from another geographic area within the State to the district. [2001, c. 669, §1 (NEW) .]

The municipality making the application bears the burden of proving to the commissioner by a preponderance of the evidence that the district satisfies the criteria under paragraphs A and B. For purposes of this subsection, "retail business operation" means a business location engaged in making retail sales of consumer goods for household use to consumers who personally visit the location to purchase the goods.

[2001, c. 669, §1 (NEW) .]

10. Duration of state designation. State tax increment financing districts have a maximum duration of 10 years.

[2001, c. 669, §1 (NEW) .]

11. Program; administration. The commissioner shall administer this subchapter. The commissioner shall adopt rules pursuant to the Maine Administrative Procedure Act for implementation of the program, including, but not limited to, rules for determining and certifying eligibility and, in consultation with the State Tax Assessor, the amount of the tax increment attributable to particular districts. The commissioner may also establish by rule fees for administration of the program, including fees payable to the State Tax Assessor for obligations under this Part. All fees collected pursuant to this subsection must be deposited into the General Fund. Rules adopted pursuant to this subsection are routine technical rules as defined in Title 5, chapter 375, subchapter II-A.

[2001, c. 669, §1 (NEW) .]

12. Designation of new state tax increment financing districts prohibited. The designation of new state tax increment financing districts is prohibited, subject to review by the joint standing committees of the Legislature having jurisdiction over economic development and taxation matters. Designation of new state tax increment financing districts may be resumed only by act of the Legislature.

[2001, c. 669, §1 (NEW) .]

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

A. Any record obtained or developed by a municipality, the commissioner or the State Tax Assessor for designation or approval of a state tax increment financing district. After receipt by the municipality, the commissioner or the State Tax Assessor of the application or proposal, a record pertaining to the application or proposal is not considered confidential unless it meets the requirements of paragraphs B to F; [2001, c. 669, §1 (NEW) .]

B. Any record obtained or developed by a municipality, the commissioner or the State Tax Assessor when:

- (1) A person, which may include a municipality, to whom the record belongs or pertains has requested that the record be designated confidential; or
- (2) The municipality has determined that information in the record gives the owner or a user of that information an opportunity to obtain business or competitive advantage over another person who does not have access to the information or that access to the information by others would result in a business or competitive disadvantage, loss of business or other significant detriment to any person to whom the record belongs or pertains; [2001, c. 669, §1 (NEW) .]

C. Any record, including any financial statement or tax return, obtained or developed by the municipality, the commissioner or the State Tax Assessor, the disclosure of which would constitute an invasion of personal privacy, as determined by the governmental entity in possession of that record or information; [2001, c. 669, §1 (NEW) .]

D. Any record, including any financial statement or tax return, obtained or developed by the municipality, the commissioner or the State Tax Assessor in connection with any monitoring or servicing activity by the municipality, the commissioner or the State Tax Assessor that pertains to a state tax increment financing district; [2001, c. 669, §1 (NEW) .]

E. Any record obtained or developed by the municipality, the commissioner or the State Tax Assessor that contains an assessment by a person who is not employed by that municipality or the State of the creditworthiness or financial condition of any person or project; and [2001, c. 669, §1 (NEW) .]

F. Any financial statement if a person to whom the statement belongs or pertains has requested that the record be designated confidential. [2001, c. 669, §1 (NEW) .]

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

[2001, c. 669, §1 (NEW) .]

14. Audit process. Nothing in this section may be construed to limit the State Tax Assessor's authority to conduct an audit of any taxpayer included as a designated business in a development program pursuant to subsection 2, paragraph B. If distributions are made to a municipality with respect to a state tax increment financing district, the designated businesses within that district are subject to audit. When it is determined by the State Tax Assessor upon audit that a municipality has received a distribution larger than that to which it is entitled under this section, the overpayment must be applied against subsequent distributions. When there is not a subsequent distribution, the designated business or businesses to which overpayments were made are liable for the amount of the overpayments and may be assessed pursuant to Title 36.

[2001, c. 669, §1 (NEW) .]

SECTION HISTORY

RR 2001, c. 2, §A40 (COR) . 2001, c. 669, §1 (NEW) .

§5243. DEVELOPMENT PROGRAM FUND; STATE TAX INCREMENT REVENUES

If a municipality has designated captured assessed value under section 5227, subsection 1, the municipality shall annually set aside all state tax increment revenues payable to the municipality for public purposes and deposit all such revenues to the appropriate development program fund account in the following priority: [2001, c. 669, §1 (NEW) .]

1. Development sinking fund account. To the development sinking fund account established pursuant to section 5227, subsection 3, an amount sufficient, together with estimated future revenues to be deposited to the account and earnings on the amount, to satisfy all annual debt service on bonds and notes issued under section 5231 and the financial plan; and

[2001, c. 669, §1 (NEW) .]

2. Project cost account. To the project cost account established pursuant to section 5227, subsection 3, an amount sufficient, together with estimated future revenues to be deposited to the account and earnings on the amount, to satisfy all annual project costs to be paid from the account.

[2001, c. 669, §1 (NEW) .]

SECTION HISTORY

2001, c. 669, §1 (NEW) .

§5244. PREVIOUSLY DESIGNATED DISTRICTS

Development districts and development programs designated before the effective date of this chapter remain in effect as authorized by law at the time of their designation and are governed by former chapter 207 as it existed immediately before its repeal except to the extent of any amendments to such development districts and development programs that are made in accordance with this chapter. [2001, c. 669, §1 (NEW) .]

SECTION HISTORY

2001, c. 669, §1 (NEW) .

Subchapter 3: MUNICIPAL AFFORDABLE HOUSING DEVELOPMENT DISTRICTS

§5245. FINDINGS AND DECLARATION OF NECESSITY

1. Legislative finding. The Legislature finds that there is a need for the development of affordable, livable housing and the containment of the costs of unplanned growth in Maine municipalities.

[2003, c. 426, §1 (NEW) .]

2. Authorization. For the reasons set out in subsection 1, a municipality may develop a program to provide impetus for affordable housing development within a district of the municipality, as provided in the comprehensive plan adopted by the legislative body of the municipality.

[2003, c. 426, §1 (NEW) .]

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

[2003, c. 426, §1 (NEW) .]

SECTION HISTORY

2003, c. 426, §1 (NEW) .

§5246. DEFINITIONS

As used in this subchapter, unless the context otherwise indicates, the following terms have the following meanings. [2003, c. 426, §1 (NEW) .]

1. Affordable housing. "Affordable housing" means a decent, safe and sanitary dwelling, apartment or other living accommodation for a household whose income does not exceed 120% of the median income for the area as defined by the United States Department of Housing and Urban Development under the United States Housing Act of 1937, Public Law 412, 50 Stat. 888, Section 8, as amended.

[2003, c. 426, §1 (NEW) .]

2. Affordable housing development district. "Affordable housing development district" or "district" means a specified area within the corporate limits of a municipality that has been designated as provided under sections 5247 and 5250 to be developed under an affordable housing development program and financed under section 5250-A.

[2003, c. 426, §1 (NEW) .]

3. Affordable housing development program. "Affordable housing development program" or "program" means a statement of means and objectives designed to encourage the development and maintenance of affordable housing within an affordable housing development district.

[2003, c. 426, §1 (NEW) .]

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

[2003, c. 426, §1 (NEW) .]

5. Authority. "Authority" means the Maine State Housing Authority.

[2003, c. 426, §1 (NEW) .]

6. Captured assessed value. "Captured assessed value" means the amount, as a percentage or stated sum, of increased assessed value that is utilized from year to year to finance the project costs contained within the affordable housing development program.

[2003, c. 426, §1 (NEW) .]

7. Current assessed value. "Current assessed value" means the assessed value of the district certified by the municipal assessor as of April 1st of each year that the affordable housing development district remains in effect.

[2003, c. 426, §1 (NEW) .]

8. Director. "Director" means the Director of the Maine State Housing Authority.

[2003, c. 426, §1 (NEW) .]

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

[2003, c. 426, §1 (NEW) .]

10. Increased assessed value. "Increased assessed value" means the valuation amount by which the current assessed value of an affordable housing development district exceeds the original assessed value of the district. If the current assessed value is equal to or less than the original, there is no increased assessed value.

[2003, c. 426, §1 (NEW) .]

11. Maintenance and operation. "Maintenance and operation" means all activities necessary to maintain affordable housing after development and all activities necessary to operate the affordable housing, including, but not limited to, informational, promotional, safety and surveillance activities.

[2003, c. 426, §1 (NEW) .]

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

[2013, c. 312, §1 (AMD) .]

13. Project costs. "Project costs" means any expenditures or monetary obligations incurred or expected to be incurred that are authorized by section 5249, subsection 1 and included in an affordable housing development program.

[2003, c. 426, §1 (NEW) .]

14. Tax increment. "Tax increment" means real property taxes assessed by a municipality, in excess of any state, county or special district tax, upon the increased assessed value of property in the affordable housing development district.

[2003, c. 426, §1 (NEW) .]

15. Tax shifts. "Tax shifts" means the effect on a municipality's state revenue sharing, education subsidies and county tax obligations that results from the designation of an affordable housing development district and the capture of increased assessed value.

[2003, c. 426, §1 (NEW) .]

16. Tax year. "Tax year" means the period of time beginning on April 1st and ending on the succeeding March 31st.

[2003, c. 426, §1 (NEW) .]

SECTION HISTORY

2003, c. 426, §1 (NEW) . 2013, c. 312, §1 (AMD) .

§5247. AFFORDABLE HOUSING DEVELOPMENT DISTRICTS

1. Creation. A municipal legislative body may designate an affordable housing development district within the boundaries of the municipality in accordance with the requirements of this subchapter. If the municipality has a charter, the designation of an affordable housing development district may not be in conflict with the provisions of the municipal charter.

[2003, c. 426, §1 (NEW) .]

2. Considerations for approval. Before designating an affordable housing development district within the boundaries of a municipality, or before establishing an affordable housing development program for a designated affordable housing development district, the legislative body of a municipality must consider whether the proposed district or program will contribute to the expansion of affordable housing opportunities within the municipality or to the betterment of the health, welfare or safety of the inhabitants of the municipality. Interested parties must be given a reasonable opportunity to present testimony concerning the proposed district or program at the hearing provided for in section 5250, subsection 1. If an interested party claims at the public hearing that the proposed district or program will result in a substantial detriment to that party's existing property interests in the municipality and produces substantial evidence to that effect, the legislative body shall consider that evidence. When considering that evidence, the legislative body also shall consider whether any adverse economic effect of the proposed district or program on that interested party's existing property interests in the municipality is outweighed by the contribution made by the district or program to the availability of affordable housing within the municipality or to the betterment of the health, welfare or safety of the inhabitants of the municipality.

[2003, c. 426, §1 (NEW) .]

3. Conditions for approval. Designation of an affordable housing development district is subject to the following conditions.

A. At least 25%, by area, of the real property within an affordable housing development district must:

- (1) Be suitable for residential use;
- (2) Be a blighted area; or
- (3) Be in need of rehabilitation or redevelopment. [2003, c. 426, §1 (NEW) .]

B. The affordable housing development district is subject to the area cap established in section 5223, subsection 3, paragraph B. [2003, c. 426, §1 (NEW) .]

C. The original assessed value of a proposed affordable housing development district plus the original assessed value of all existing affordable housing development districts within the municipality may not exceed 5% of the total value of taxable property within the municipality as of April 1st preceding the date of the director's approval of the designation of the proposed affordable housing development district. [2003, c. 426, §1 (NEW) .]

D. [2013, c. 312, §2 (RP) .]

E. The affordable housing development program must show that the development meets an identified community housing need. The affordable housing development program must provide a mechanism to ensure the ongoing affordability for a period of at least 10 years for single-family, owner-occupied units and 30 years for rental units. [2003, c. 426, §1 (NEW) .]

F. [2013, c. 312, §2 (RP) .]

G. The district must be primarily a residential development on which at least 33% of the dwelling units are affordable housing and that may be designed to be compact and walkable and to include internal open space, other common open space and one or more small-scale nonresidential uses of service to the residents of the development. [2003, c. 426, §1 (NEW) .]

[2013, c. 312, §2 (AMD) .]

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

[2003, c. 426, §1 (NEW) .]

SECTION HISTORY

2003, c. 426, §1 (NEW) . 2013, c. 312, §2 (AMD) .

§5248. AFFORDABLE HOUSING DEVELOPMENT PROGRAMS

1. Adoption. The legislative body of a municipality shall adopt an affordable housing development program for each affordable housing development district. The affordable housing development program must be adopted at the same time as the district as part of the district adoption proceedings or, if at a different time, in the same manner as adoption of the district, with the same notice and hearing requirements of section 5250. Before adopting an affordable housing development program, the municipal legislative body shall consider the factors and evidence specified in section 5247.

[2003, c. 426, §1 (NEW) .]

2. Requirements. The affordable housing development program must include:

A. A financial plan in accordance with subsection 3; [2003, c. 426, §1 (NEW) .]

B. A description of facilities, improvements or programs to be financed in whole or in part by the affordable housing development program; [2003, c. 426, §1 (NEW) .]

C. Plans for the relocation of persons displaced by the development activities; [2003, c. 426, §1 (NEW) .]

D. The environmental controls to be applied; [2003, c. 426, §1 (NEW) .]

E. The proposed operation of the affordable housing development district after the planned improvements are completed; [2003, c. 426, §1 (NEW) .]

F. An assurance that the program complies with section 4349-A; [2003, c. 426, §1 (NEW) .]

G. The duration of the program, which may start during any tax year specified in the approval of the affordable housing development program by a municipal legislative body, except that the program may not exceed 30 years after the tax year in which the designation of the district is approved by the director as provided in section 5250, subsection 3; and [2013, c. 312, §3 (AMD) .]

H. All documentation submitted to or prepared by the municipality under section 5247, subsection 2. [2003, c. 426, §1 (NEW) .]

[2013, c. 312, §3 (AMD) .]

3. Financial plan for affordable housing development district. The financial plan for an affordable housing development district must include:

- A. Cost estimates for the affordable housing development program; [2003, c. 426, §1 (NEW) .]
- B. The amount of public indebtedness to be incurred; [2003, c. 426, §1 (NEW) .]
- C. Sources of anticipated revenues; [2003, c. 426, §1 (NEW) .]
- D. A description of the terms and conditions of any agreements, contracts or other obligations related to the affordable housing development program; and [2003, c. 426, §1 (NEW) .]
- E. For each year of the affordable housing development program:
 - (1) Estimates of increased assessed values of the district;
 - (2) The portion of the increased assessed values to be applied to the affordable housing development program as captured assessed values and resulting tax increments in each year of the program; and
 - (3) A calculation of the tax shifts resulting from designation of the affordable housing development district. [2003, c. 426, §1 (NEW) .]

[2003, c. 426, §1 (NEW) .]

4. Limitation. For affordable housing development districts, a municipality may expend the tax increments received for any affordable housing development program only in accordance with the financial plan.

[2003, c. 426, §1 (NEW) .]

SECTION HISTORY

2003, c. 426, §1 (NEW) . 2013, c. 312, §3 (AMD) .

§5249. PROJECT COSTS

1. Authorized project costs. The director shall review proposed project costs to ensure compliance with this subsection. Authorized project costs are:

- A. Costs of improvements made within the affordable housing development district, including, but not limited to:
 - (1) Capital costs, including, but not limited to:
 - (a) The acquisition of land or construction of public infrastructure improvements for affordable housing development;
 - (b) The demolition, alteration, remodeling, repair or reconstruction of existing buildings, structures and fixtures;
 - (c) Site preparation and finishing work; and
 - (d) All fees and expenses that are eligible to be included in the capital cost of such improvements, including, but not limited to, licensing and permitting expenses and planning, engineering, architectural, testing, legal and accounting expenses;
 - (2) Financing costs, including, but not limited to, closing costs, issuance costs and interest paid to holders of evidences of indebtedness issued to pay for project costs and any premium paid over the principal amount of that indebtedness because of the redemption of the obligations before maturity;
 - (3) Real property assembly costs;

- (4) Professional service costs, including, but not limited to, licensing, architectural, planning, engineering and legal expenses;
- (5) Administrative costs, including, but not limited to, reasonable charges for the time spent by municipal employees in connection with the implementation of an affordable housing development program;
- (6) Relocation costs, including, but not limited to, relocation payments made following condemnation;
- (7) Organizational costs relating to the establishment of the affordable housing district, including, but not limited to, the costs of conducting environmental impact and other studies and the costs of informing the public about the creation of affordable housing development districts and the implementation of project plans;
- (8) Costs of facilities used predominantly for recreational purposes, including, but not limited to, recreation centers, athletic fields and swimming pools;
- (9) Costs for child care, including finance costs and construction, staffing, training, certification and accreditation costs related to child care located in the affordable housing development district;
- (10) Costs of case management and support services; and
- (11) Operating costs, including but not limited to property management and administration, utilities, routine repairs and maintenance, insurance, real estate taxes and funding of a projects capital reserve account; and [2013, c. 312, §4 (AMD) .]

B. Costs of improvements that are made outside the affordable housing development district but are directly related to or are made necessary by the establishment or operation of the district, including, but not limited to:

- (1) That portion of the costs reasonably related to the construction, alteration or expansion of any facilities not located within the district that are required due to improvements or activities within the district, including, but not limited to, sewage treatment plants, water treatment plants or other environmental protection devices; storm or sanitary sewer lines; water lines; electrical lines; improvements to fire stations; and amenities on streets;
- (2) Costs of public safety improvements made necessary by the establishment of the district;
- (3) Costs of funding to mitigate any adverse impact of the district upon the municipality and its constituents. This funding may be used for funding public kindergarten to grade 12 costs and public facilities and improvements; and
- (4) Costs to establish permanent housing development revolving loan funds or investment funds. [2003, c. 426, §1 (NEW) .]

[2013, c. 312, §4 (AMD) .]

2. Limitation. Tax increments received from any affordable housing development program may not be used to circumvent other tax laws.

[2003, c. 426, §1 (NEW) .]

SECTION HISTORY

2003, c. 426, §1 (NEW) . 2013, c. 312, §4 (AMD) .

§5250. PROCEDURE

1. Notice and hearing. Before designating an affordable housing development district or adopting an affordable housing development program, the municipal legislative body or the municipal legislative body's designee must hold at least one public hearing on the proposed district. Notice of the hearing must be published at least 10 days before the hearing in a newspaper of general circulation within the municipality.

[2003, c. 426, §1 (NEW) .]

2. Review by director. Before final designation of an affordable housing development district, the director shall review the proposal for the district to ensure that the proposal complies with statutory requirements.

[2003, c. 426, §1 (NEW) .]

3. Effective date. A designation of an affordable housing development district is effective upon approval by the director.

[2003, c. 426, §1 (NEW) .]

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

[2003, c. 426, §1 (NEW) .]

5. Amendments. A municipality may amend a designated affordable housing development district or an adopted affordable housing development program only after meeting the requirements of this section for designation of an affordable housing development district or adoption of an affordable housing development program. A municipality may not amend the designation of an affordable housing development district if the amendment would result in the district's being out of compliance with any of the conditions in section 5247, subsection 3.

[2003, c. 426, §1 (NEW) .]

SECTION HISTORY

2003, c. 426, §1 (NEW) .

§5250-A. AFFORDABLE HOUSING TAX INCREMENT FINANCING

1. Designation of captured assessed value. A municipality may retain all or part of the tax increment revenues generated from the increased assessed value of an affordable housing development district for the purpose of financing the affordable housing development program. The amount of tax increment revenues to be retained is determined by designating the captured assessed value. When an affordable housing development program for an affordable housing development district is adopted, the municipal legislative body shall adopt a statement of the percentage of increased assessed value to be retained as captured assessed value in accordance with the affordable housing development program. The statement of percentage may establish a specific percentage or percentages or may describe a method or formula for determination of the percentage. The municipal assessor shall certify the amount of the captured assessed value to the municipality each year.

[2003, c. 426, §1 (NEW) .]

2. Certification of assessed value. Upon or after the formation of an affordable housing development district, the assessor of the municipality in which the district is located shall certify the original assessed value of the taxable property within the boundaries of the affordable housing development district. Each year after the designation of an affordable housing development district, the municipal assessor shall certify the amount by which the assessed value has increased or decreased from the original value.

Nothing in this subsection allows or sanctions unequal apportionment or assessment of the taxes to be paid on real property in the State. An owner of real property within the affordable housing development district pays real property taxes apportioned equally with property taxes paid elsewhere in the municipality.

[2003, c. 426, §1 (NEW) .]

3. Affordable housing development program fund; affordable housing tax increment revenues. If a municipality has designated captured assessed value under subsection 1, the municipality shall:

A. Establish an affordable housing development program fund that consists of the following:

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

(2) In instances of municipal indebtedness, a development sinking fund account that is pledged to and charged with the payment of the interest and principal as the interest and principal fall due and the necessary charges of paying interest and principal on any notes, bonds or other evidences of indebtedness that were issued to fund or refund the cost of the affordable housing development program fund; [2003, c. 426, §1 (NEW) .]

B. Annually set aside all affordable housing tax increment revenues on captured assessed values and deposit all such revenues to the appropriate affordable housing development program fund account established under paragraph A in the following order of priority:

(1) To the affordable housing development sinking fund account, an amount sufficient, together with estimated future revenues to be deposited to the account and earnings on the amount, to satisfy all annual debt service on bonds and notes issued under section 5250-D and the financial plan; and

(2) To the affordable housing project cost account, an amount sufficient, together with estimated future revenues to be deposited to the account and earnings on the amount, to satisfy all annual affordable housing project costs to be paid from the account; [2003, c. 426, §1 (NEW) .]

C. Make transfers between affordable housing development program fund accounts established under paragraph A as required, provided that the transfers do not result in a balance in the affordable housing development sinking fund account that is insufficient to cover the annual obligations of that account; and [2003, c. 426, §1 (NEW) .]

D. Annually return to the municipal general fund any tax increment revenues remaining in the affordable housing development sinking fund account established under paragraph A in excess of those estimated to be required to satisfy the obligations of the development sinking fund account after taking into account any transfers made under paragraph C. The municipality, at any time during the term of the district, by vote of the municipal officers, may return to the municipal general fund any tax increment revenues remaining in the project cost account established under paragraph A in excess of those estimated to be required to satisfy the obligations of the development project cost account after taking into account any transfer made under paragraph C. In either case, the corresponding amount of local valuation may not be included as part of the captured assessed value as specified by the municipality. [2003, c. 426, §1 (NEW) .]

[2003, c. 426, §1 (NEW) .]

SECTION HISTORY

2003, c. 426, §1 (NEW) .

§5250-B. RULES

The director may adopt rules necessary to carry out the duties imposed by this subchapter and to ensure municipal compliance with this subchapter following designation of an affordable housing development district. Rules adopted pursuant to this section are routine technical rules as defined in Title 5, chapter 375, subchapter 2-A. [2003, c. 426, §1 (NEW) .]

SECTION HISTORY

2003, c. 426, §1 (NEW) .

§5250-C. GRANTS

A municipality may receive grants or gifts for any of the purposes of this subchapter. The tax increment revenues within an affordable housing development district may be used as the local match for certain grant programs. [2003, c. 426, §1 (NEW) .]

SECTION HISTORY

2003, c. 426, §1 (NEW) .

§5250-D. BOND FINANCING

The legislative body of a municipality may authorize, issue and sell bonds, including but not limited to general obligation or revenue bonds or notes, that mature within 30 years from the date of issue to finance all project costs needed to carry out the affordable housing development program within the affordable housing development district. The municipal officers authorized to issue the bonds or notes may borrow money in anticipation of the sale of the bonds for a period of up to 3 years by issuing temporary notes and notes in renewal of the bonds. All revenues derived under section 5250-A received by the municipality are pledged for the payment of the activities described in the affordable housing development program and used to reduce or cancel the taxes that may otherwise be required to be expended for that purpose. The notes, bonds or other forms of financing may not be included when computing the municipality's net debt. Nothing in this section restricts the ability of the municipality to raise revenue for the payment of project costs in any manner otherwise authorized by law. [2013, c. 312, §5 (AMD) .]

SECTION HISTORY

2003, c. 426, §1 (NEW) . 2013, c. 312, §5 (AMD) .

§5250-E. ADMINISTRATION

1. Reports. The legislative body of a municipality must report annually to the director regarding the status of an affordable housing development district. The report must:

A. Certify that the public purpose of the affordable housing district, as outlined in this subchapter, is being met; [2003, c. 426, §1 (NEW) .]

B. Account for any sales of property within the district; and [2003, c. 426, §1 (NEW) .]

C. Certify that rental units within the affordable housing development district have remained affordable. [2003, c. 426, §1 (NEW) .]

[2003, c. 426, §1 (NEW) .]

2. Recovery of public funds. The authority shall develop by rule provisions for recovery of public revenue if conditions for approval of an affordable housing development district are not maintained for the duration of the district. Rules adopted by the authority pursuant to this subsection must be submitted to the Legislature in accordance with Title 5, chapter 375, subchapter 2-A.

[2003, c. 426, §1 (NEW) .]

SECTION HISTORY

2003, c. 426, §1 (NEW) .

§5250-F. ADVISORY BOARD

The legislative body of a municipality may create an advisory board, a majority of whose members must be owners or occupants of real property located in or adjacent to the affordable housing development district they serve. The advisory board shall advise the legislative body on the planning and implementation of the affordable housing development program, the construction of the district and the maintenance and operation of the district after the program has been completed. [2003, c. 426, §1 (NEW) .]

SECTION HISTORY

2003, c. 426, §1 (NEW) .

§5250-G. UNORGANIZED TERRITORY

For the purposes of this subchapter, a county may act as a municipality for the unorganized territory within the county and may designate affordable housing development districts within the unorganized territory. When a county acts under this section, the county commissioners act as the municipality and as the municipal legislative body, the State Tax Assessor acts as the municipal assessor and the unorganized territory fund receives the funds designated for the municipal general fund. [2003, c. 426, §1 (NEW) .]

SECTION HISTORY

2003, c. 426, §1 (NEW) .

Subchapter 3: PINE TREE DEVELOPMENT ZONES

§5245. FINDINGS AND DECLARATION OF NECESSITY (REPEALED)

SECTION HISTORY

2003, c. 451, §NNN2 (NEW) . 2003, c. 688, §D1 (RP) .

§5246. DEFINITIONS (REPEALED)

SECTION HISTORY

2003, c. 451, §NNN2 (NEW) . 2003, c. 688, §D1 (RP) .

§5247. PINE TREE DEVELOPMENT ZONES (REPEALED)

SECTION HISTORY

2003, c. 451, §NNN2 (NEW) . 2003, c. 688, §D1 (RP) .

§5248. PROCEDURE**(REPEALED)**

SECTION HISTORY

2003, c. 451, §NNN2 (NEW). 2003, c. 610, §1 (AMD). 2003, c. 688, §D1 (RP).

§5249. SELECTION CRITERIA**(REPEALED)**

SECTION HISTORY

2003, c. 451, §NNN2 (NEW). 2003, c. 688, §D1 (RP).

§5250. PROGRAM ADMINISTRATION; RULES**(REPEALED)**

SECTION HISTORY

2003, c. 451, §NNN2 (NEW). 2003, c. 688, §D1 (RP).

§5250-A. UNORGANIZED TERRITORY**(REPEALED)**

SECTION HISTORY

2003, c. 451, §NNN2 (NEW). 2003, c. 688, §D1 (RP).

§5250-B. CERTIFICATION OF QUALIFIED BUSINESS**(REPEALED)**

SECTION HISTORY

2003, c. 451, §NNN2 (NEW). 2003, c. 688, §D1 (RP).

§5250-C. REPORT**(REPEALED)**

SECTION HISTORY

2003, c. 451, §NNN2 (NEW). 2003, c. 688, §D1 (RP).

Subchapter 4: PINE TREE DEVELOPMENT ZONES**§5250-H. FINDINGS AND DECLARATION OF NECESSITY**

1. Legislative finding. The Legislature finds that there is a need to encourage development in economically distressed areas of the State in order to:

- A. Provide new employment opportunities; [2003, c. 688, Pt. D, §2 (NEW).]
- B. Improve existing employment opportunities; [2003, c. 688, Pt. D, §2 (NEW).]
- C. Improve and broaden the tax base; and [2003, c. 688, Pt. D, §2 (NEW).]
- D. Improve the general economy of the State. [2003, c. 688, Pt. D, §2 (NEW).]

[2003, c. 688, Pt. D, §2 (NEW) .]

2. Authorization. For the reasons set out in subsection 1, a unit of local government, or 2 or more cooperating units of local government, may develop a program for improving a district within its collective boundaries:

A. To provide impetus for targeted business development; [2003, c. 688, Pt. D, §2 (NEW) .]

B. To increase employment; and [2003, c. 688, Pt. D, §2 (NEW) .]

C. To provide the facilities outlined in the development program adopted by the participating units of local government. [2003, c. 688, Pt. D, §2 (NEW) .]

[2003, c. 688, Pt. D, §2 (NEW) .]

3. Declaration of public purpose. The Legislature declares that the actions required to assist the implementation of these development programs are a public purpose and that the execution and financing of these programs are a public purpose.

[2003, c. 688, Pt. D, §2 (NEW) .]

SECTION HISTORY

2003, c. 688, §D2 (NEW) .

§5250-I. DEFINITIONS

As used in this subchapter, unless the context otherwise indicates, the following terms have the following meanings. [2003, c. 688, Pt. D, §2 (NEW) .]

1. Affiliated business. "Affiliated business" means a member of a group of 2 or more businesses in which more than 50% of the voting stock of each member corporation or more than 50% of the ownership interest in a business other than a corporation is directly or indirectly owned by a common owner or owners, either corporate or noncorporate, or by one or more of the member businesses.

[2003, c. 688, Pt. D, §2 (NEW) .]

2. Applicant.

[2009, c. 461, §2 (RP) .]

3. Average employment during base period. "Average employment during the base period" for a business means the total number of employees of that business as of each March 31st, June 30th, September 30th and December 31st of the base period, divided by 12.

[2005, c. 351, §1 (AMD) .]

4. Base level of employment. "Base level of employment" means the greater of either the total employment in the State of a business as of March 31st, June 30th, September 30th and December 31st of the calendar year immediately preceding the year of the business's application to become a certified Pine Tree Development Zone business divided by 4 or its average employment during the base period. Pursuant to section 5250-J, subsection 4-A, "base level of employment" may be adjusted to mean 25% of the average number of employees of that business over the 3 months immediately preceding the catastrophic occurrence.

Pursuant to section 5250-J, subsection 4-C, "base level of employment" must be adjusted for a qualified business that has more than one location in the State and creates 250 or more jobs at one of these locations, so that the base level of employment is calculated from the location of the significant employment expansion of 250 jobs or more on the basis of that specific location.

[2009, c. 461, §3 (AMD) .]

5. Base period. "Base period" means the 3 calendar years prior to the year in which a business applies to be certified as a qualified Pine Tree Development Zone business.

[2005, c. 351, §1 (AMD) .]

5-A. Catastrophic occurrence. "Catastrophic occurrence" means accidental fire, flood, hurricane, windstorm, earthquake or other similar event.

[2009, c. 21, §2 (NEW) .]

5-B. Call center. "Call center" means a business enterprise that employs 50 or more full-time employees for the purpose of customer service.

[2015, c. 368, §1 (NEW) .]

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

[2003, c. 688, Pt. D, §2 (NEW) .]

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

[2003, c. 688, Pt. D, §2 (NEW) .]

7-A. Experiential tourism. "Experiential tourism" means tourism that allows individuals to be active participants in outdoor recreational activities including but not limited to: hiking, camping, birding and other wildlife viewing, nature photography, visits to historical and cultural sites and museums, nature tourism, adventure tourism and ecotourism.

[2007, c. 466, Pt. A, §52 (AMD) .]

8. Financial services. "Financial services" means services provided by an insurance company subject to taxation under Title 36, chapter 357; a captive insurance company formed or licensed under Title 24-A, chapter 83; a financial institution subject to taxation under Title 36, chapter 819; or a mutual fund service provider as defined in Title 36, section 5212, subsection 1, paragraph E.

[2009, c. 627, §2 (AMD) .]

9. Labor market average weekly wage. "Labor market average weekly wage" means the average weekly wage as published by the Department of Labor for the labor market or markets in which potential qualified Pine Tree Development Zone employees are located for the 12 most recently reported months preceding the date of application.

[2009, c. 461, §4 (AMD) .]

10. Labor market unemployment rate. "Labor market unemployment rate" means the average unemployment rate as published by the Department of Labor for the labor market or markets in which potential qualified Pine Tree Development Zone employees are located for the 12 most recently reported months preceding the date of application.

[2009, c. 461, §5 (AMD) .]

11. Manufacturing. "Manufacturing" means:

A. The production of tangible personal property intended to be sold or leased ultimately for final use or consumption; [2009, c. 461, §6 (NEW) .]

B. The production of tangible personal property pursuant to a contract with the Federal Government or any agency thereof; or [2009, c. 461, §6 (NEW) .]

C. To make, process, convert or transform raw materials, components or parts into finished goods or products for final use or consumption to meet customer expectations or specifications. [2009, c. 461, §6 (NEW) .]

[2009, c. 461, §6 (RPR) .]

11-A. Military redevelopment zone. "Military redevelopment zone" means a specified area within a municipality that is contained within a labor market that includes a military facility that sustained a loss of 400 or more employed workers, if the loss was caused by a federal military facility closure or downsizing, during the 5-year period immediately preceding the time of application for designation as a military redevelopment zone, or is projected to sustain a loss of 400 or more employed workers during the 5-year period immediately following the time of application, and has been designated by the commissioner as a military redevelopment zone under section 5250-J, subsection 3-A.

[2009, c. 461, §7 (AMD) .]

12. Person.

[2007, c. 627, §1 (RP) .]

13. Pine Tree Development Zone. "Pine Tree Development Zone" or "zone" means a specified area within the boundaries of the State that has been designated by the commissioner as a Pine Tree Development Zone in accordance with section 5250-J, subsection 3-A or 3-B.

[2009, c. 461, §8 (AMD) .]

14. Pine Tree Development Zone benefits. "Pine Tree Development Zone benefits" means:

A. The exclusion from the limitations established under section 5223, subsection 3 of tax increment financing districts included within a Pine Tree Development Zone; [2003, c. 688, Pt. D, §2 (NEW) .]

B. Expanded employment tax increment financing benefits under Title 36, chapter 917; [2003, c. 688, Pt. D, §2 (NEW) .]

C. The sales tax exemption under Title 36, section 1760, subsection 87 and the sales tax reimbursement under Title 36, section 2016; [2005, c. 351, §2 (AMD) .]

D. The Pine Tree Development Zone tax credits provided by Title 36, sections 2529 and 5219-W; [2005, c. 351, §2 (AMD) .]

E. Discounted rates approved by the Public Utilities Commission, if applicable, and offered by transmission and distribution utilities as authorized under Title 35-A, section 3210-E, subsection 1; and [2009, c. 627, §3 (AMD) .]

F. Line extensions and conservation programs approved or authorized under Title 35-A, section 3210-E. [2009, c. 627, §4 (AMD) .]

[2009, c. 627, §§3, 4 (AMD) .]

15. Production.

[2007, c. 627, §2 (RP) .]

16. Qualified business activity. "Qualified business activity" means a business activity that is conducted within a Pine Tree Development Zone and is directly related to financial services, manufacturing or a targeted technology business for which the business receives a certificate from the commissioner pursuant to section 5250-O.

[2003, c. 688, Pt. D, §2 (NEW) .]

17. Qualified Pine Tree Development Zone business. "Qualified Pine Tree Development Zone business" or "qualified business" means any for-profit business in this State engaged in or that will engage in financial services, manufacturing or a targeted technology business that has added or will add at least one qualified Pine Tree Development Zone employee above its base level of employment in this State and that meets the following criteria:

A. It demonstrates that the establishment or expansion of operations within the Pine Tree Development Zone would not occur within the State absent the availability of the Pine Tree Development Zone benefits. The department shall determine whether the business has met the requirements of this paragraph; and [2005, c. 351, §4 (AMD); 2005, c. 351, §26 (AFF) .]

B. It has received a certificate as a qualified business pursuant to section 5250-O. [2003, c. 688, Pt. D, §2 (NEW) .]

[2005, c. 351, §4 (AMD); 2005, c. 351, §26 (AFF) .]

18. Qualified Pine Tree Development Zone employees. Except for employees in call centers in Aroostook and Washington counties, "qualified Pine Tree Development Zone employees" means new, full-time employees hired in this State by a qualified Pine Tree Development Zone business for work directly in one or more qualified business activities for whom a retirement program subject to the Employee Retirement Income Security Act of 1974, 29 United States Code, Sections 101 to 1461, as amended, and group health insurance are provided and whose income derived from employment within the Pine Tree Development Zone, calculated on a calendar year basis, is greater than the most recent annual per capita personal income in the county in which the qualified employee is employed. "Qualified Pine Tree Development Zone employees" does not include employees shifted to a qualified business activity from a nonqualified activity of the qualified Pine Tree Development Zone business or an affiliated business. The commissioner shall determine whether a shifting of employees has occurred.

For employees in call centers in Aroostook and Washington counties, "qualified Pine Tree Development Zone employees" means new, full-time employees hired in this State by a qualified Pine Tree Development Zone business for work directly in one or more qualified business activities for whom a retirement program subject to the Employee Retirement Income Security Act of 1974, 29 United States Code, Sections 101 to 1461, as amended, and group health insurance are provided and whose income derived from employment within the Pine Tree Development Zone, calculated on a weekly basis, is greater than the average weekly wage for the most recent available calendar year as derived from the quarterly census of employment and wages and provided annually by the Department of Labor. The calculation of the average weekly wage must include data from the counties of Androscoggin, Aroostook, Franklin, Hancock, Kennebec, Knox, Lincoln, Oxford, Penobscot, Piscataquis, Sagadahoc, Somerset, Waldo and Washington. Notwithstanding this subsection, with respect to employees in call centers in Aroostook and Washington counties, in a county in which the average annual unemployment rate at the time of certification for the most recent calendar year is greater

than the state average for the same year, the wage threshold is 90% of the average weekly wage as derived from the quarterly census of employment and wages. Notwithstanding this subsection, with respect to a call center in Aroostook or Washington county and upon approval of the commissioner, a qualified business located in a county in which the average annual unemployment rate at the time of certification for the most recent calendar year is greater than the state average for that same year qualifies for a phase-in of salary threshold requirements. A qualified business under this provision must meet 70% of the average weekly wage as derived from the quarterly census of employment and wages in the first year of certification, 80% of the average weekly wage as derived from the quarterly census of employment and wages in the 2nd year of certification and 90% of the average weekly wage as derived from the quarterly census of employment and wages in all following years of certification. Failure to meet any of these requirements results in automatic revocation of certification. "Qualified Pine Tree Development Zone employees" does not include employees shifted to a qualified business activity from a nonqualified activity of the qualified Pine Tree Development Zone business or an affiliated business. The commissioner shall determine whether a shifting of employees has occurred.

[2015, c. 368, §2 (AMD) .]

18-A. Quarterly census of employment and wages. "Quarterly census of employment and wages" means the comprehensive tabulation of employment and wage information for workers produced by the quarterly census of employment and wages program, a cooperative program involving the federal Department of Labor, Bureau of Labor Statistics and the state employment security agencies.

[2015, c. 368, §3 (NEW) .]

19. State average weekly wage. "State average weekly wage" means the average weekly wage as published by the Department of Labor for the State as a whole for the 12 most recently reported months preceding the date of application.

[2009, c. 461, §9 (AMD) .]

20. State unemployment rate. "State unemployment rate" means the average unemployment rate published by the Department of Labor for the State as a whole for the 12 most recently reported months preceding the date of application.

[2009, c. 461, §10 (AMD) .]

21. Targeted technology business. "Targeted technology business" means a business primarily involved in a targeted technology as defined in Title 5, section 15301.

[2003, c. 688, Pt. D, §2 (NEW) .]

21-A. Tier 1 location. "Tier 1 location" means a location designated by the department to be eligible for Pine Tree Development Zone benefits for a period of 10 years.

[2009, c. 461, §11 (NEW) .]

21-B. Tier 2 location. "Tier 2 location" means a location designated by the department to be eligible for Pine Tree Development Zone benefits for a period of 5 years. After the 5 years, all Pine Tree Development Zone benefits expire, except for the expanded employment tax increment financing benefits under Title 36, chapter 917, which must be recalculated at that time to reflect the standard rates under that chapter.

[2009, c. 461, §12 (NEW) .]

22. Unit of local government. "Unit of local government" means a municipality, county, plantation, unorganized territory or Indian tribe.

[2003, c. 688, Pt. D, §2 (NEW) .]

23. Working waterfront. "Working waterfront" means a parcel of land abutting water subject to tidal influence or land located in the intertidal zone that is used primarily or predominantly to provide access to or support the conduct of commercial fishing and marine activities. For purposes of this subsection, "parcel" includes an entire unit of real estate notwithstanding the fact that it is divided by a road, way, railroad or pipeline.

[2009, c. 21, §3 (NEW) .]

24. Working waterfront industry. "Working waterfront industry" means an industry primarily involved in supporting commercial fishing, marine and boat building activities.

[2009, c. 21, §4 (NEW) .]

SECTION HISTORY

2003, c. 688, §D2 (NEW). 2005, c. 351, §§1-4 (AMD). 2005, c. 351, §26 (AFF). 2005, c. 637, §1 (AMD). 2005, c. 650, §1 (AMD). 2007, c. 466, Pt. A, §52 (AMD). 2007, c. 627, §§1, 2 (AMD). 2009, c. 21, §§1-4 (AMD). 2009, c. 461, §§2-12 (AMD). 2009, c. 627, §§2-4 (AMD). 2015, c. 368, §§1-3 (AMD).

§5250-J. PINE TREE DEVELOPMENT ZONES

1. Creation.

[2009, c. 461, §13 (RP) .]

2. Requirements for designation. The commissioner shall adopt rules establishing the minimum requirements for the designation of Pine Tree Development Zones pursuant to subsections 3-A and 3-B.

[2009, c. 461, §14 (AMD) .]

2-A. Application for designation as military redevelopment zone.

[2009, c. 461, §15 (RP) .]

3. Limitations. The designation of Pine Tree Development Zones is subject to the following limitations:

A. [2009, c. 461, §16 (RP) .]

B. [2009, c. 461, §16 (RP) .]

C. Pine Tree Development Zone benefits may not be used to encourage or facilitate the transfer of existing positions or property of a qualified business or affiliated businesses to a qualified business activity from a nonqualified activity elsewhere in the State; [2005, c. 351, §5 (AMD); 2005, c. 351, §26 (AFF) .]

D. Pine Tree Development Zone benefits may not be provided based upon any property, employees or positions transferred by the business or affiliated businesses to a qualified business activity from a nonqualified activity; and [2009, c. 461, §16 (AMD) .]

E. [2005, c. 351, §26 (AFF); 2005, c. 351, §5 (RP) .]

F. One or more qualified Pine Tree Development Zone business activities must be a permissible activity in the Pine Tree Development Zone. [2009, c. 461, §16 (AMD) .]

G. [2009, c. 461, §16 (RP) .]

H. [2009, c. 461, §16 (RP) .]

[2009, c. 461, §16 (AMD) .]

3-A. Pine Tree Development Zone classification; tier 1 locations. Beginning January 1, 2009, the department shall classify the following on an annual basis as tier 1 locations:

A. From January 1, 2009 to December 31, 2009, all units of local government; [2009, c. 652, Pt. D, §1 (AMD); 2009, c. 652, Pt. D, §2 (AFF) .]

B. Beginning January 1, 2010, a unit of local government that is contained in a county other than Cumberland County or York County, as well as a unit of local government that is contained in Cumberland County or York County with a municipal unemployment rate that is 15% higher than its labor market unemployment rate, based upon data published by the Department of Labor from the last completed calendar year; [2009, c. 652, Pt. D, §1 (AMD); 2009, c. 652, Pt. D, §2 (AFF) .]

C. A unit of local government that has been designated by the department as a participating municipality in the Pine Tree Development Zone program as of December 31, 2008; [2009, c. 652, Pt. D, §1 (NEW); 2009, c. 652, Pt. D, §2 (AFF) .]

D. Property within a military redevelopment zone as long as the property is classified by the department no later than December 31, 2018; [2015, c. 336, §1 (AMD) .]

E. Washington County, the Downeast region and the City of Sanford, including 3 pilot projects to be established by the commissioner:

(1) A pilot project for the property of the former Cutler naval computer and telecommunications station and a pilot project for the City of Sanford, which may be excluded from the qualified business definitions established under section 5250-I, subsections 16 and 17 if a for-profit business is engaged in, or will engage in, tourism development including recreational tourism, experiential tourism, hotel development and theme park resort facility development; and

(2) A pilot project that allows seasonal employees in seasonal industries based on natural resources to be considered qualified Pine Tree Development Zone employees for the purposes of section 5250-I, subsection 18; and [2015, c. 336, §1 (AMD) .]

F. Beginning January 1, 2016, the Town of Berwick in York County. [2015, c. 336, §2 (NEW) .]

[2015, c. 336, §§1, 2 (AMD) .]

3-B. Pine Tree Development Zone classification; tier 2 locations. Beginning January 1, 2010, the department shall classify the following units of local government on an annual basis as tier 2 locations:

A. All units of local government contained in Cumberland County or York County that are not classified as tier 1 locations pursuant to subsection 3-A. [2009, c. 461, §18 (NEW) .]

[2009, c. 461, §18 (NEW) .]

4. Application.

[2009, c. 461, §19 (RP) .]

4-A. Catastrophic occurrence; benefits. A qualified Pine Tree Development Zone business whose primary purpose is to support the State's working waterfront industry may apply for an adjustment of the base level of employment as described in this section, if it meets the following criteria:

- A. It is located on a working waterfront in a Pine Tree Development Zone; [2009, c. 21, §5 (NEW) .]
- B. It has sustained at least a 5% loss of employed workers due to a catastrophic occurrence; and [2009, c. 21, §5 (NEW) .]
- C. It has appropriate infrastructure and zoning or other land use regulations in place. [2009, c. 21, §5 (NEW) .]

For the purposes of this section and calculation of Pine Tree Development Zone benefits in section 5250-I, subsection 14, the base level of employment may be adjusted to mean 25% of the average number of employees of that business over the 3 months immediately preceding the catastrophic occurrence. A qualified business must apply for an adjustment of the base level of employment within 16 months of the catastrophic occurrence. Applications pursuant to this subsection must be received by August 1, 2011.

[2009, c. 21, §5 (NEW) .]

4-B. Pine Tree Development Zone Reserve Fund established.

[2011, c. 655, Pt. L, §2 (RP) .]

4-C. Significant employment expansion; Pine Tree Development Zone benefits. A qualified Pine Tree Development Zone business that expands its employment at one of its locations in the State may apply for an adjustment of the base level of employment if it:

- A. Has more than one location in the State; [2009, c. 461, §21 (NEW) .]
- B. Creates 250 or more jobs at one location; [2009, c. 461, §21 (NEW) .]
- C. Maintains its total employment in the State above 50% of its growth at the location of the employment expansion; and [2009, c. 461, §21 (NEW) .]
- D. Has appropriate infrastructure and zoning or other land use regulations in place. [2009, c. 461, §21 (NEW) .]

For purposes of this section and calculation of Pine Tree Development Zone benefits in section 5250-I, subsection 14, the base level of employment must be calculated from the location where the business produces significant employment expansion of 250 jobs or more. The department shall determine on an annual basis if the business has produced significant employment expansion. If the department determines that the business does not meet the requirements of this section and its total employment in the State falls below 50% of its growth at this location of expansion, the business may not receive the adjustment pursuant to this section and the department shall calculate the base level of employment pursuant to section 5250-I, subsection 4.

[2009, c. 461, §21 (NEW) .]

5. Termination. A qualified Pine Tree Development Zone business located in a tier 1 location may not be certified under this subchapter after December 31, 2018, and a qualified Pine Tree Development Zone business located in a tier 2 location may not be certified under this subchapter after December 31, 2013. All Pine Tree Development Zone benefits provided under this subchapter are terminated on December 31, 2028.

[2009, c. 461, §22 (RPR) .]

SECTION HISTORY

2003, c. 688, §D2 (NEW). 2005, c. 351, §5 (AMD). 2005, c. 351, §26 (AFF). 2005, c. 451, §1 (AMD). 2005, c. 637, §2 (AMD). 2005, c. 650, §§2-6 (AMD). 2005, c. 669, §1 (AMD). 2007, c. 466, Pt. A, §53 (AMD). 2009, c. 21, §5 (AMD). 2009, c. 461, §§13-22 (AMD). 2009, c. 652, Pt. D, §1 (AMD). 2009, c. 652, Pt. D, §2 (AFF). 2011, c. 655, Pt. L, §2 (AMD). 2015, c. 336, §§1, 2 (AMD).

§5250-K. PROCEDURE

(REPEALED)

SECTION HISTORY

2003, c. 688, §D2 (NEW). 2005, c. 351, §6 (AMD). 2005, c. 351, §26 (AFF). 2009, c. 461, §23 (RP).

§5250-L. SELECTION CRITERIA

(REPEALED)

SECTION HISTORY

2003, c. 688, §D2 (NEW). 2009, c. 461, §24 (RP).

§5250-M. PROGRAM ADMINISTRATION; RULES

The commissioner shall administer this subchapter. The commissioner shall adopt rules pursuant to the Maine Administrative Procedure Act for implementation of Pine Tree Development Zones, including, but not limited to, rules for determining and certifying eligibility, selecting zones for designation and evaluating on a periodic basis the progress and success of each zone in achieving its goals. Rules adopted under this section are routine technical rules as defined in Title 5, chapter 375, subchapter 2-A. [2003, c. 688, Pt. D, §2 (NEW).]

SECTION HISTORY

2003, c. 688, §D2 (NEW).

§5250-N. UNORGANIZED TERRITORY

For the purposes of this subchapter, a county may act as a municipality for the unorganized territory within the county and may designate development districts within the unorganized territory. When a county acts under this section, the county commissioners act as the municipality and as the municipal legislative body, the State Tax Assessor acts as the municipal assessor and the unorganized territory education and services fund receives the funds designated for the municipal general fund. [2003, c. 688, Pt. D, §2 (NEW).]

SECTION HISTORY

2003, c. 688, §D2 (NEW).

§5250-O. CERTIFICATION OF QUALIFIED BUSINESS

A business may apply to the commissioner for certification as a qualified Pine Tree Development Zone business. Upon review and determination by the commissioner that a business is a qualified Pine Tree Development Zone business, the commissioner shall issue a certificate of qualification to the business that includes a description of the qualified business activity for which the certificate is being issued. Prior to issuing a certificate of qualification, the commissioner must find that the business activity will not result in a substantial detriment to existing businesses in the State. In order to make this determination, the commissioner shall consider those factors the commissioner determines necessary to measure and evaluate the effect of the proposed business activity on existing businesses, including whether any adverse economic effect

of the proposed business activity on existing businesses is outweighed by the contribution to the economic well-being of the State. The State Economist must review applications under this section and provide an advisory opinion to assist the commissioner in making findings under this section. [2007, c. 263, §1 (AMD) .]

SECTION HISTORY

2003, c. 688, §D2 (NEW) . 2007, c. 263, §1 (AMD) .

§5250-P. REPORT

By January 15, 2004, the commissioner shall report to the joint standing committee of the Legislature having jurisdiction over economic development matters regarding rulemaking and progress in implementing Pine Tree Development Zones. Not later than April 1, 2005 and April 1st of each odd-numbered year thereafter, the commissioner shall report to the joint standing committee of the Legislature having jurisdiction over economic development matters on the status of the Pine Tree Development Zones. [2003, c. 688, Pt. D, §2 (NEW) .]

SECTION HISTORY

2003, c. 688, §D2 (NEW) .

Subchapter 5: PINE TREE RECREATION ZONE

§5250-Q. PINE TREE RECREATION ZONE

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

A. "Qualified project" means a business project that meets the criteria set forth in subsection 4 conducted by a qualified industry. [2005, c. 555, §1 (NEW); 2005, c. 555, §3 (AFF) .]

B. "Qualified industry" means a for-profit corporation, limited liability company, partnership, registered limited liability partnership, sole proprietorship, business trust or any other entity, inside or outside the State, that is engaged in or will engage in a qualified project. [2005, c. 555, §1 (NEW); 2005, c. 555, §3 (AFF) .]

[2005, c. 555, §1 (NEW); 2005, c. 555, §3 (AFF) .]

2. Establishment. The Pine Tree Recreation Zone is established to expand recreational opportunities and encourage tourism and economic development in areas adjacent to and located within the State's natural resources in the central and northern regions of the State.

[2005, c. 555, §1 (NEW); 2005, c. 555, §3 (AFF) .]

3. Designation of zone. The Pine Tree Recreation Zone is that area of the State that is north and east of the Androscoggin River.

[2005, c. 555, §1 (NEW); 2005, c. 555, §3 (AFF) .]

4. Project eligibility. A business project is eligible to qualify for Pine Tree Recreation Zone benefits if the project:

A. Is located within the Pine Tree Recreation Zone and is in a labor market area with a population density of less than 30 people per square mile according to the last Federal Decennial Census; and [2005, c. 555, §1 (NEW); 2005, c. 555, §3 (AFF) .]

B. Derives at least 50% of its business from sustainable recreational or agricultural tourism activities that involve the use of available natural resources and provides at least one of the following services:

- (1) Accommodations;
 - (2) Guiding or instructional services; and
 - (3) The sale or rental of equipment for use in canoeing, kayaking, hunting, fishing, sailing, whitewater rafting, hiking, wildlife photography, snowmobiling, dog sledding, snowshoeing, downhill or cross-country skiing, camping activities or other similar nature-based tourism activities.
- [2005, c. 555, §1 (NEW); 2005, c. 555, §3 (AFF) .]

[2005, c. 555, §1 (NEW); 2005, c. 555, §3 (AFF) .]

5. Administration; rules. The Commissioner of Economic and Community Development shall administer this subchapter and shall adopt rules for the implementation of this subchapter. Rules adopted under this subsection are major substantive rules as defined in Title 5, chapter 375, subchapter 2-A. The commissioner is authorized to adopt rules setting forth the process by which qualified projects may apply for funding from grants and loans, including loans administered by the Finance Authority of Maine through its economic recovery loan program.

[2005, c. 555, §1 (NEW); 2005, c. 555, §3 (AFF) .]

SECTION HISTORY

2005, c. 555, §1 (NEW). 2005, c. 555, §3 (AFF) .

Subchapter 6: PINE TREE DEVELOPMENT ZONE EXCEPTIONS

§5250-R. DEFINITIONS

As used in this subchapter, unless the context otherwise indicates, the following terms have the following meanings. [2007, c. 240, Pt. QQQQ, §1 (NEW) .]

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

[2007, c. 240, Pt. QQQQ, §1 (NEW) .]

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

[2007, c. 240, Pt. QQQQ, §1 (NEW) .]

3. Manufacturing. "Manufacturing" has the same meaning as in section 5250-I, subsection 11.

[2007, c. 240, Pt. QQQQ, §1 (NEW) .]

4. Pine Tree Development Zone. "Pine Tree Development Zone" has the same meaning as in section 5250-I, subsection 13.

[2007, c. 240, Pt. QQQQ, §1 (NEW) .]

5. Pine Tree Development Zone benefits. "Pine Tree Development Zone benefits" has the same meaning as in section 5250-I, subsection 14.

[2007, c. 240, Pt. QQQQ, §1 (NEW) .]

SECTION HISTORY

2007, c. 240, Pt. QQQQ, §1 (NEW) .

§5250-S. EXCEPTIONS FOR MANUFACTURING BUSINESSES

1. Expansion by manufacturing business. The commissioner may certify a business that does not otherwise qualify as a qualified Pine Tree Development Zone business pursuant to section 5250-I, subsection 17 or that does not locate in a Pine Tree Development Zone as qualified to receive Pine Tree Development Zone benefits if the business:

A. Is a for-profit business that has been engaged in the business of manufacturing in the State for at least 3 years; [2007, c. 240, Pt. QQQQ, §1 (NEW) .]

B. Makes a written commitment to expand its business at one of its current locations in the State by adding at the location of expansion a minimum of 4 net new, full-time employees for whom a retirement program subject to the federal Employee Retirement Income Security Act of 1974, 29 United States Code, Sections 1001 to 1461, as amended, and group health coverage are provided and whose income derived from employment at the business's location of expansion, calculated on a calendar-year basis, is greater than the most recent annual per capita personal income in the county in which the employee is employed; and [2007, c. 468, §1 (AMD) .]

C. Makes a written commitment to invest a minimum of \$225,000 in its expansion at one of its current locations. [2007, c. 468, §2 (AMD) .]

[2007, c. 468, §§1, 2 (AMD) .]

2. Application for tax benefits. A manufacturing business may apply to the commissioner for certification to receive Pine Tree Development Zone benefits pursuant to subsection 1. An application must include, but is not limited to, a detailed narrative description of the manufacturing business's plans for expansion and goals for achieving the requirements listed under subsection 1 and a description of resources to be committed at the location of expansion, including a related timeline for achieving these goals. Upon review and determination by the commissioner that the business satisfies the criteria under subsection 1, the commissioner shall issue a certificate to the manufacturing business for qualification for Pine Tree Development Zone benefits.

[2007, c. 240, Pt. QQQQ, §1 (NEW) .]

3. Sunset. Applications for Pine Tree Development Zone benefits under this subchapter must be received by the commissioner by December 1, 2009.

[2007, c. 240, Pt. QQQQ, §1 (NEW) .]

SECTION HISTORY

2007, c. 240, Pt. QQQQ, §1 (NEW) . 2007, c. 468, §§1, 2 (AMD) .

§5250-T. RULES

The department shall adopt rules to implement this subchapter. Rules adopted pursuant to this section are routine technical rules as defined by Title 5, chapter 375, subchapter 2-A. [2007, c. 240, Pt. QQQQ, §1 (NEW) .]

SECTION HISTORY

2007, c. 240, Pt. QQQQ, §1 (NEW) .

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Maine Revised Statutes
Title 36: TAXATION
Chapter 102: PROPERTY TAX ADMINISTRATION

§305. ADDITIONAL DUTIES

In addition to any other duties of the Bureau of Revenue Services provided in this chapter, it shall:
[1975, c. 78, §21 (AMD); 1997, c. 526, §14 (AMD).]

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

[2003, c. 426, §2 (AMD) .]

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

A. Preparation of information or manuals, or both, concerning construction values, prices, appraised guides, statistical tables and other appropriate materials; [1973, c. 620, §10 (NEW) .]

B. Specialized assessing assistance in industrial, commercial and other difficult property assessments as determined by the State Tax Assessor; [1973, c. 620, §10 (NEW) .]

C. Establishment of a coordinate grid system in connection with the Department of Agriculture, Conservation and Forestry for the purpose of uniform identification of property parcels; [2011, c. 655, Pt. EE, §21 (AMD); 2011, c. 655, Pt. EE, §30 (AFF); 2011, c. 657, Pt. W, §5 (REV) .]

D. Assistance in the preparation of tax maps and methods of updating such maps; [1973, c. 620, §10 (NEW) .]

E. Devising necessary forms and procedures; and [1973, c. 620, §10 (NEW) .]

F. Advice concerning data processing application to assessing. [1973, c. 620, §10 (NEW) .]

[2011, c. 655, Pt. EE, §21 (AMD); 2011, c. 655, Pt. EE, §30 (AFF);
2011, c. 657, Pt. W, §5 (REV) .]

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

[1973, c. 620, §10 (NEW) .]

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

[1973, c. 620, §10 (NEW) .]

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

[2001, c. 564, §3 (AMD) .]

6. Report on changes in land ownership. On or before September 1st of each year, report to the Commissioner of Agriculture, Conservation and Forestry, the Commissioner of Inland Fisheries and Wildlife and the joint standing committee of the Legislature having jurisdiction over public lands on the transfer in ownership of parcels of land 10,000 acres or greater within the unorganized territory of the State. Using information maintained by the State Tax Assessor under section 1602 and section 4641-D, the bureau shall provide information for each transfer that includes:

- A. Name of the seller; [2001, c. 564, §4 (NEW) .]
- B. Name of the buyer; [2001, c. 564, §4 (NEW) .]
- C. Number of acres transferred; [2001, c. 564, §4 (NEW) .]
- D. Classification of land; [2001, c. 564, §4 (NEW) .]
- E. Location by township and county; [2001, c. 564, §4 (NEW) .]
- F. Sale price; and [2001, c. 564, §4 (NEW) .]
- G. A brief description of the property. [2001, c. 564, §4 (NEW) .]

[2011, c. 655, Pt. II, §8 (AMD); 2011, c. 655, Pt. II, §11 (AFF); 2011, c. 657, Pt. W, §6 (REV) .]

SECTION HISTORY

1973, c. 620, §10 (NEW). 1975, c. 272, §34 (AMD). 1983, c. 858, §3 (AMD). 1983, c. 859, §N3 (AMD). 1985, c. 650, §7 (AMD). 1987, c. 497, §10 (AMD). 1989, c. 508, §8 (AMD). 1989, c. 857, §74 (AMD). 1993, c. 696, §4 (AMD). 1995, c. 462, §A67 (AMD). 1997, c. 526, §14 (AMD). 2001, c. 564, §§3,4 (AMD). 2003, c. 426, §2 (AMD). 2011, c. 655, Pt. EE, §21 (AMD). 2011, c. 655, Pt. EE, §30 (AFF). 2011, c. 655, Pt. II, §8 (AMD). 2011, c. 655, Pt. II, §11 (AFF). 2011, c. 657, Pt. W, §§5, 6 (REV) .

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Chapter 1: MUNICIPAL TAX INCREMENT FINANCING RULE

Summary: This chapter outlines the purpose, definitions, application requirements, review procedures, designation procedures, and reporting requirements governing municipal tax increment financing districts, 30-A M.R.S.A. §§ 5221 - 5235

SECTION 1. PURPOSE AND DEFINITIONS**A. PURPOSE**

The municipal tax increment financing program, established under 30-A M.R.S.A., Chapter 206, is designed to assist municipalities in encouraging industrial, commercial, transit-oriented, or arts district development, increasing or retaining employment opportunities, and broadening tax bases. This chapter sets forth the provisions by which a municipality may utilize these programs, and describes application requirements, review procedures, designation procedures, and reporting requirements. It is the intent of the Department of Economic and Community Development to ensure, to the greatest extent possible, municipal control and responsibility for tax increment financing districts. It is the intent of the Department of Economic and Community Development to ensure that municipalities have the greatest possible access to municipal tax increment financing.

B. DEFINITIONS

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

"Captured assessed value" means the valuation amount by which the current assessed value of the development district exceeds the original assessed value of the district and is sheltered for otherwise authorized tax increment financing purposes

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

"Credit enhancement agreement" means a contract between a municipality and a business that specifies (a) the project costs to which TIF funds will be applied, and (b) the obligations of the municipality and the business regarding the creation of a tax increment financing district and the implementation of the development program.

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

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

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

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

"Development program fund" means the account or accounts into which municipal tax increment revenues are deposited.

"Downtown redevelopment plan" means a document adopted by a municipal legislative body that describes the municipality's comprehensive plan for the physical and economic redevelopment of its downtown.

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

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

"Governing body of the municipality" means the legislative body of a municipality at any regular, special or other duly constituted meeting. In accordance with 30-A M.R.S.A. §5235, for tax increment financing in an unorganized territory, the county commissioners shall act as the municipal legislative body.

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

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

- (a) Tax maps delineating the property in the proposed tax increment financing district;
- (b) A municipal map showing the site location of the proposed tax increment financing district relative to the municipal boundaries;

"Project cost account" means an account established by a municipality that is pledged to and charged with the payment of the project costs that are outlined in an approved financial plan and that are paid in a manner other than that described in subsection 5.

"Record of municipal approval" means the record of the series of local actions required pursuant to 30-A M.R.S.A. §§ 5253, 5223 and 5226 to designate a development district.

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

"Sinking fund account" means an account established by a municipality that is pledged to and charged with the payment of the interest and principal for municipal indebtedness as the interest and principal fall due and the necessary charges of paying interest and principal on any notes, bonds, or other evidences of indebtedness that were issued to fund or refund the cost of an approved development program.

SECTION 2. APPLICATION REQUIREMENTS - ORIGINAL

A. GENERAL

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

In accordance with 30-A M.R.S.A., §5235, a county may act as a municipality for the unorganized territory within that county for purposes of municipal tax increment financing.

B. MUNICIPAL TAX INCREMENT FINANCING APPLICATION

A municipality wishing to use municipal tax increment financing to fund a development program shall submit to the Department for review by the Commissioner an original and one copy of an application that satisfies the requirements of this section. The municipality shall provide with the application any additional information the Department may require.

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

1. A cover letter from an authorized municipal official certifying that all information contained in the application is true and correct to the best of his or her knowledge.
2. An Application Cover Sheet on a form provided by the Department;
3. A completed Employment Goals form provided by the Department;
4. A completed Statutory Requirements & Thresholds form provided by the Department;
5. A Development program which includes
 - a) Description of public facilities, improvements, or programs to be financed in whole or in part by the development program

- b) Description of commercial facilities, arts districts, improvements or projects to be financed in whole or in part by the development program
- c) Duration of the program (may not exceed 30 years)
- d) Certification of original assessed value of the taxable property in the TIF district by the municipal tax assessor, using valuation from the prior March 31st
- e) A physical description of the district including
 - i. A municipal map clearly showing the site location of the proposed district relative to the municipal boundaries; and
 - ii. Tax maps clearly delineating the boundaries of the proposed district
- f) Financial plan
 - i. Cost estimates for the development program
 - ii. Amount of public indebtedness to be incurred
 - iii. Sources of anticipated revenues
 - iv. Description of the terms and conditions of any agreements, contracts or other obligations related to the development program (e.g. credit enhancement agreements CEAs)
 - v. Estimates of increased assessed values of the district for each year of the program
 - vi. Portion of the increased assessed values to be applied to the development program as captured assessed values and resulting tax increments in each year of the program
 - vii. Tax shift calculations for each year of the program
- g) Plans for the relocation of persons displaced by the development activities
- h) Proposed regulations and facilities to improve transportation
- i) Environmental controls to be applied
- j) Proposed operation of the development district after the planned capital improvements are completed

- 6) Evidence of public hearing
 - a) 10 day notice of public hearing, including proof of date of publication
 - b) Minutes of public hearing, attested to and signed
 - c) Record of district designation by municipal legislative body

C. ESTABLISHING ORIGINAL ASSESSED VALUE

Completed applications must contain current information regarding the assessed value of the district as of March 31 immediately preceding the date of completed application to the Department.

D. TIMING OF SUBMISSION

In order to establish the original assessed value specified in the municipality's development program, a municipality must submit its application to the Department by March 1 of the property tax year in which the municipality designates the tax increment financing district, unless the Commissioner, if requested by the municipality before March 1, authorizes submission after March 1 but before March 31.

SECTION 3. APPLICATION REQUIREMENTS – DOWNTOWN TIF DISTRICT

A. GENERAL

A municipality wishing to use municipal tax increment financing to fund a development program for a downtown tax increment financing district shall submit to the Department an original and three copies of an application that satisfies the requirements of this section. The municipality shall include with the application any additional information the Department may require.

B. CONTENTS

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

- 1. All items specified in sections 2B, 3, 4 and
- 2. A comprehensive downtown redevelopment plan approved by the legislative body of the municipality.

SECTION 4. APPLICATION REQUIREMENTS – AMENDMENTS

A. GENERAL

A municipality wishing to amend an approved tax increment financing district and/or development program shall submit to the Department for an application that satisfies the requirements of this section. The municipality shall submit an original and four copies of

the application in the case of downtown tax increment financing districts and an original and two copies in the case of all other tax increment financing districts. The municipality shall include with the application any additional information the Department may require.

Examples of such amendments include but are not limited to: alteration of the district boundaries; addition or deletion of project costs to be financed from tax increment revenues; increase or decrease in the amount of indebtedness to be repaid from tax increment revenues; and municipal revaluation.

B. CONTENTS

An application for amendment of a municipal tax increment financing district and/or development program must contain:

1. A cover letter from an authorized municipal official certifying that all information contained in the amendment is true and correct to the best of his or her knowledge.
2. A narrative summary of the changes included in the proposed amendment;
3. Evidence of public hearing for the proposed amendment
 - a) 10 day notice of public hearing, including proof of date of publication
 - b) Minutes of public hearing, attested to and signed
 - c) Record of amended district designation by municipal legislative body

Further, the application must contain any of the following items which have changed from the original application, in the order listed:

4. A completed Employment Goals form provided by the Department;
5. A completed Statutory Requirements & Thresholds form provided by the Department;
6. A Development program which includes
 - a) Description of public facilities, improvements, or programs to be financed in whole or in part by the development program
 - b) Description of commercial facilities, arts districts, improvements or projects to be financed in whole or in part by the development program
 - c) Duration of the program (may not exceed 30 years)
 - d) Certification of original assessed value of the taxable property in the TIF district by the municipal tax assessor, using valuation from the prior March 31st

- e) A physical description of the amended district including
 - i. A municipal map clearly showing the site location of the proposed district relative to the municipal boundaries and original district; and
 - ii. Tax maps clearly delineating the boundaries of the proposed amended district
- f) Financial plan
 - i. Cost estimates for the development program
 - ii. Amount of public indebtedness to be incurred
 - iii. Sources of anticipated revenues
 - iv. Description of the terms and conditions of any agreements, contracts or other obligations related to the development program (e.g. credit enhancement agreements CEAs)
 - v. Estimates of increased assessed values of the district for each year of the program
 - vi. Portion of the increased assessed values to be applied to the development program as captured assessed values and resulting tax increments in each year of the program
 - viii. Tax shift calculations for each year of the program
- g) Plans for the relocation of persons displaced by the development activities
- h) Proposed regulations and facilities to improve transportation
- i) Environmental controls to be applied
- j) Proposed operation of the development district after the planned capital improvements are completed

C. AMENDING ORIGINAL ASSESSED VALUE

If the amendment changes the boundaries of the tax increment financing district, the application for the amendment must contain a statement of the new original assessed value of the district certified by the municipal tax assessor. The changes in boundaries and original assessed value are effective the date the amendment is approved by the Commissioner.

D. TIMING OF SUBMISSION

In order to establish the original assessed value specified in an amendment, a municipality must submit its application to the Department by March 1 of the property tax year in which the municipality approves the amendment, unless the Commissioner, if requested by the municipality before March 1, authorizes submission after March 1 but before March 31.

SECTION 5. DEPARTMENT REVIEW AND CERTIFICATION**A. REVIEW BY COMMISSIONER**

Upon receipt of an application for approval of the designation or amendment of a tax increment financing district, the Commissioner shall review the application to ensure that it is complete and satisfies the requirements of both 30-A M.R.S.A., Chapter 206, and this Chapter of the Department's rules.

B. ACTION ON APPLICATION

After reviewing an application, the Commissioner shall issue a Certificate of Approval, deny the application, stating in writing the reason or reasons for the denial or issue a conditional approval in accordance with section 5, subsection F.

C. CERTIFICATE OF APPROVAL**1. Contents – Original or Downtown designation**

- a. The name of the tax increment financing district;
- b. The effective date of the approval
- c. The term of the tax increment financing district, not to exceed 30 years from the date of designation of the district;
- d. The requirements for capturing value;
- e. The requirement that tax increment financing revenues be deposited and held in a project cost account and/or sinking fund account and be used only for approved project costs;
- f. The requirement that the municipality notify the Department promptly if the tax increment financing district is terminated;
- g. The requirement that, if tax increment revenues derived from the district are deposited into the municipality's general fund, the incremental property values generating the revenues deposited in the general fund be included with the municipality's equalized assessed value and not be captured;

- h. The requirement that any amendment of the district comply with (1) the statutes governing approval of the original designation of the district and (2) this Chapter of the Department's rules; and
- i. Any other information the Department determines necessary.

2. Contents – Amended designation

- a. The name of the tax increment financing district;
- b. The term of the tax increment financing district, not to exceed 30 years from the date of original designation of the district
- c. The effective date of the approval;
- d. If applicable, the Department's authorization to increase or reduce the original assessed value of the district and by what amounts;
- e. The requirement that tax increment financing revenues be deposited and held in a project cost account and/or sinking fund account and be used only for approved project costs;
- f. The requirement that the municipality notify the Department promptly if the tax increment financing district is terminated;
- g. The requirement that, if tax increment revenues derived from the district are deposited into the municipality's general fund, the incremental property values generating the revenues deposited in the general fund be included with the municipality's equalized assessed value and not be captured;
- h. The requirement that any additional amendment of the district comply with
 - (1) the statutes governing approval of the original designation of the district and
 - (2) this Chapter of the Department's rules; and
- i. Any other information the Department determines necessary.

D. COMMENCEMENT TO DEVELOPMENT PROGRAM

The development program for a tax increment financing district begins on the date the Commissioner issues a Certificate giving final approval to the program, and on that date a municipality may begin expending funds and incurring obligations with respect to approved project costs. An amendment of a development program begins on the date the Commissioner issues a Certificate giving final approval to the amendment, and on that date a municipality may begin expending funds and incurring obligations with respect to any new project costs contained in the amendment. A municipality may not expend funds

or incur obligations with respect to a project cost in an original or amended development program until the date the Commissioner gives final approval to the original development program or the amendment.

E. TERMINATION OF DISTRICT AND DEVELOPMENT PROGRAM

A development district and its development program end on the date specified in the Certificate giving final approval to the original designation or the amendment of the district and/or the program. After that date, a municipality may not use tax increment revenues to fund project costs in the development program.

F. CONDITIONAL APPROVAL

To ensure compliance with 30-A M.R.S.A., Chapter 206, while at the same time furthering the intent and goals of Chapter 206, the Commissioner may approve the designation or amendment of a tax increment financing district and conditionally approve a portion of the district's proposed original or amended development program. The Commissioner may require the municipality to submit additional information regarding those portions of the development program that were not conditionally approved.

If the Commissioner approves the designation or amendment of a tax increment financing district and approves only part of the development program, the municipality may expend funds only on the approved part of the development program. A municipality may not expend funds on any part of the development program that has not been approved in writing by the Commissioner.

SECTION 7. ANNUAL REPORTING REQUIREMENTS.

A. MUNICIPALITIES

(APA Office Note: this sub-section has been deleted under the advice of the Office of the Attorney General due to a statutory change – see P.L. 2009 ch. 337.)

B. SITE VISITS

The Department and/or the State Tax Assessor may make site visits to approved tax increment financing districts as part of their duties to ensure compliance with statutory requirements.

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

EFFECTIVE DATE:
June 13, 1994

EFFECTIVE DATE (ELECTRONIC CONVERSION):
May 15, 1996

CONVERTED TO MS WORD:
July 9, 2003

AMENDED:
December 22, 2009 – filing 2009-668

SUB-SECTION 7.A DELETED:
February 11, 2013 – quoting from a February 8, 2013 e-mail from William H. Laubenstein III, Assistant Attorney General: “This will confirm that the statutory requirement for annual reporting in the DECDTIF Rule (19-100, ch. 1, sec. 7.A) was deleted in 2009. Accordingly, it would be appropriate to strike that provision from the rule. See PL 2009, ch. 337. The site visit requirement should not be stricken.”

TIF Talk-What the Local Assessor Needs to Know About TIF's

Presented by Property Tax Division-
March 3, 2017

TIF- What does it mean?

- TIF- stands for Tax Increment Financing
- TIF is a tool that permits a municipality to participate in local project financing by using some or all of the new property taxes from a capital investment within a designated geographic district. The municipality has the option of using the "incremental" taxes to retire bonds it has issued for the project, compensate a developer or business for development project costs, or fund eligible municipal economic development activities. TIF districts may be designated for up to 30 years and bonds may be issued for up to 20 years. The designation of a TIF district requires proper notice, a local public hearing, the majority vote of the municipal legislative body, and State of Maine approval through the DECD.

What do all of those funky acronyms mean?

- **Original assessed value (OAV)** means the assessed value of a development district as of March 31st of the tax year preceding the year in which it was designated. This value is frozen over the life of the TIF, unless the TIF is amended, and the tax revenue generated from this value goes to the general fund (not sheltered from State Valuation)
- **Increased assessed value (IAV)** means the valuation amount by which the current assessed value of a tax increment financing district exceeds the original assessed value of the district. If the current assessed value is equal to or less than the original, there is no increased assessed value.

Continued...

- **Captured assessed value (CAV)** means the amount, as a percentage or stated sum, of increased assessed value that is utilized from year to year to finance either municipal or developer project costs contained within the development program. This is the valuation that will be sheltered from State Valuation.

- **Credit Enhancement Agreement (CEA)**

The CEA, or contract between the municipality and developer, is a mechanism to assist the development project by using all, or a percentage of, the tax revenues generated by the new investment to pay certain authorized project costs with payments made directly to the developer. In short, this is money returned to the developer from the municipality into a "project cost account", which must be established. Some TIF's do not feature a Credit Enhancement Agreement.

Let's look at an example...

The Kendall Corporation purchases a 40 acre vacant parcel in the Town of Dalton with an assessed value on March 31, 2016 (April 1, 2015 assessed value) of 100,000. The Kendall Corporation enters into a 30 year TIF agreement with the Town of Dalton where 100% of the increase above original assessed value is captured, with 25% going back to The Kendall Corporation in CEA, and the remaining 75% used by the Town of Dalton for authorized economic development activity. This TIF does not include personal property as the personal property will be BETE qualified.

The Kendall Corporation then constructs a new manufacturing facility on the 40 acre parcel with a 2017 assessed land value of 250,000 and a building value of 9,300,000.

Captured Assessed Value: $250,000 + 9,300,000 = 9,550,000$ less the 100,000
 $OAV = 9,450,000$ (100% CAV)

What does all of this mean for the assessor?

1. Changes in how the mil rate is calculated
2. More work filling out the Municipal Valuation Return (MVR)
3. Annual tracking of value within the TIF district

Setting the mil rate.....



Steps

1. Run totals for all taxable real estate (if the TIF only includes real estate like in this example).

Example:

Town of Dalton total taxable valuation for 2017 is 198,526,000

Steps

2. Refer back to your previously calculated "Captured Assessed Value"(CAV)

Example:

In this case, 100% of the increase above the original assessed value (OAV) is captured (25% back to Kendall Corp in CEA, and 75% municipal retention for authorized economic development expenditures. As previously calculated, the CAV for 2017 is 9,450,000

Steps

3. Complete a tax rate calculation form with all of the CAV removed from your taxable value.

Remember to leave line 9 on the tax rate calculation form as 0.00 for now.

-Remember to always look to see if you qualify for enhanced BETE

-This will allow the mil rate to be set with no interference from the TIF

2017 TIF Class Example 1 TRCF without TIF value.xls

Steps

4. Once the mil rate has been set, add the CAV back into the taxable real estate value on the tax rate calculation form.

5. You will now want to multiply your CAV by the selected mil rate. This is the \$ amount you will want to plug into line 9 of the tax rate calculation form.

2017 TIF Class Example 1 TRCF with TIF value.xls

Who gets what?

Town of Dalton: (75% Municipal Retention)

$\$134,662.50 \times .75 = \$100,996.88$

Kendall Corporation: (25% Credit Enhancement Agreement)

$\$134,662.50 \times .25 = \$33,665.63$

That was easy....Right?

- Not all TIF's capture 100% of the increase in assessed value above the original assessed value.



Let's look at another example...

Now, 85% of the increase above original assessed value is captured, with 25% going back to The Kendall Corporation in CEA, and the remaining 75% used by the Town of Dalton for authorized economic development activity. This TIF does not include personal property as the personal property will be BETE qualified.

The Kendall Corporation then constructs a new manufacturing facility on the 40 acre parcel with a 2017 assessed land value of 250,000 and a building value of 9,300,000.

Captured Assessed Value: $250,000 + 9,300,000 = 9,550,000$ less the 100,000 OAV = $9,450,000 \times .85 = 8,032,500$ (85%CAV)

The same steps apply

- Complete the tax rate calculation form, removing all CAV from taxable real estate, (in this case) in order to set the mil rate.
 - 2017 TIF Class Example 2 TRCF without TIF value.xls

Once the mil rate has been set, add the CAV back into the taxable real estate value on the tax rate calculation form.

You will now want to multiply your CAV by the selected mil rate. This is the \$ amount you will want to plug into line 9 of the tax rate calculation form.

-2017 TIF Class Example 2 TRCF with TIF value.xls

Who gets what now?

Town of Dalton: (75% Municipal Retention)
 $\$114,463.13 * .75 = \$85,847.35$

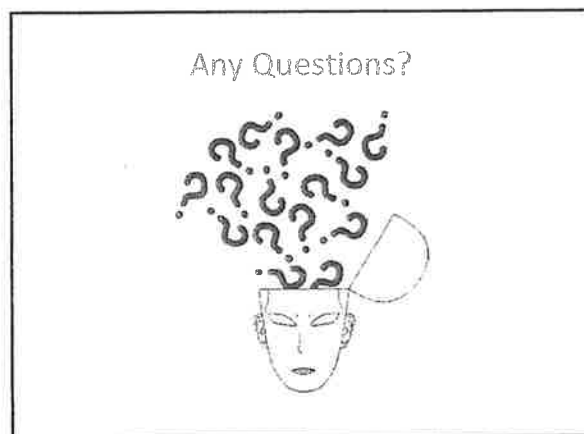
Kendall Corporation: (25% Credit Enhancement Agreement)
 $\$114,463.13 * .25 = \$28,615.78$

Next Task

2017
Municipal Valuation Return



MAINE YOUNG SERVICES DISTRICT VALUATION RETURN			
Municipality: <u>DALTON</u>			
BUSINESS EQUIPMENT TAX EXEMPTION (SEE INSTRUCTIONS)			
1. Number of BSEE applications received for tax year 2016	15a		20
2. Number of BSEE applications approved	15b		21
3. Total exemption of all BSEE qualified property	15c		6,955,000
<small>(Refer to the form on Municipal Tax Rate Schedule, Section 10, line 10)</small>			
4. Total exemption of BSEE property located in the municipality and/or district	15d		
TAX INCREMENT FINANCING (TIF)			
5. Total amount received for all TIF projects in Original Valuation	16a		9,450,000
6. Amount of TIF projects received for all TIF projects	16b		9,450,000
7. Property tax revenue for all TIF projects in Original Valuation	16c		8,043,307.01428=11,443.11
8. BSEE exemption amount for all TIF projects in Original Valuation	16d		0.00



PLEASE NOTE: Legislative Information cannot perform research, provide legal advice, or interpret Maine law. For legal assistance, please contact a qualified attorney.

An Act To Allow Aroostook County To Create Tax Increment Financing Districts

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

Sec. 1. 30-A M.R.S.A. §5216 is enacted to read:

§ 5216. Aroostook County

For the purposes of this chapter, Aroostook County may act as a municipality for the area within the county and may designate development districts within the county. When Aroostook County acts under this section, the county commissioners act as the municipality and the municipal legislative body, municipal and planning boards perform the functions of municipal and planning boards for municipalities or plantations within the development district, the State Tax Assessor acts as the municipal assessor for the area within the development district located within the unincorporated territory, and the unincorporated territory fund within the county receives the funds designated for the municipal general fund.

SUMMARY

This bill authorizes Aroostook County to establish development districts qualifying for tax increment financing within the county in the same manner that a municipality or plantation may establish such a development district.

Chapter 10
Planning

ARTICLE I PLANNING BOARD

Section	
10-101	Planning and Code Enforcement Offices

ARTICLE II TAX INCREMENT FINANCING

10-201	Tax Increment Financing
10-202	Provisions

Chapter 10 Planning

ARTICLE I PLANNING BOARD

Sec. 10-101 Planning and Code Enforcement Offices

To assist in carrying out the policies of the Planning Board, there shall be an office with appropriate staffing to provide planning and code enforcement. These objectives may be accomplished by one or more staff persons.

Historical Note: formerly Chapter 6, 1956 Code; replaced June 4, 1980; amended July 11, 1988; January 7, 1991; November 22, 1993; June 24, 1996; April 13, 1998; Section 10-102 adopted by City Council on May 9, 2011; Section 10-102 Community & Economic Development was repealed by City Council on November 27, 2012.

Historical Note: Section 10-103 adopted by City Council on May 9, 2011; Section 10-103 Chamber of Commerce repealed by City Council November 25, 2013, effective December 31, 2013.

ARTICLE II TAX INCREMENT FINANCING

Sec. 10-201 Tax Increment Financing Ordinance

The purpose of this section is to outline the standards utilized by the City of Caribou in considering applications for Tax Increment Financing (TIF) to enhance economic development within Caribou. The Council shall consider applications for TIF for development complying with the City's Comprehensive Plan thereby promoting growth through public-private partnerships with both existing and new business entities.

Economic development projects shall be considered when meeting any or all of the mutually exclusive following criteria:

- The Project would not occur but for the application of Tax Increment Financing
- The Project creates or retains employment opportunities within Caribou
- The Project significantly expands the City's tax base; or
- The Project expressly conforms to the type and quality of development defined within the Goals, Policies and Strategies of the Caribou Comprehensive Plan

Notwithstanding the above criteria, the creation of any and all TIF Agreements is a legislative act of the Caribou City Council with the approval of the Maine Department of Economic and Community Development and shall be made on a case-by-case basis. Tax Increment Financing is not a right under this ordinance or Maine Law and meeting these criteria should not be interpreted as creating any rights or entitlements relevant to any applications made for Tax Increment Financing.

10-202 Provisions

The following provisions shall apply when considering any and all applications for Tax Increment Financing (TIF). Applicants must meet all of the following applicable provisions pertaining to the type of Tax Increment Financing being sought and the type of taxable incremental development being captured under the TIF Agreement.

- A. The City of Caribou is able to create two types of TIF Agreements.
 1. The City may bond improvements to public infrastructure necessary to enhance the specific development project or to enhance other future development projects. Any such bond shall be retired using the captured incremental tax revenues created by the project. Bonding of such projects shall be considered for a maximum allowed by State law, 20 years as amended from time to time.
 2. The City may also establish a Credit Enhancement Agreement (CEA) as allowed by State law whereby the maximum credit shall be capped as the captured tax increment created by the project.
- B. The applicant must provide any and all documentation deemed necessary by the City to substantiate the TIF application and requirements pertaining thereto, preserving the City's economic wellbeing and planning criteria.
- C. Any Credit Enhancement Agreement will provide for a recapture of the benefits if the project should move to another municipality. Assignments will be allowed only for conventional, commercial financing purposes or where the proposed assignee agrees to be bound by the same terms and conditions as the original applicant.
- D. Tax Increment Financing shall be revenue neutral, or better, to the City over the life of the TIF Agreement in both the cases of Bonding or Credit Enhancement Agreements.
- E. Supporting information that may be required such as invoices to support cost reimbursement proportional to the captured value. When required such documentation must be substantiated from non-affiliated entities.
- F. Any applicant may be obligated to apply for any State reimbursement programs for personal property and/or real estate taxes. The proceeds from such application will be returned to the City as part of the TIF process. Such funds when received shall be placed in an Economic Development Fund as approved and administered by the Council. The City will expend such funds in accordance with 30-A M.R.S.A. Section 5254, as amended from time to time.

- G. Tax Increment Financing Agreements of five years or less shall have highest preference by the City when structured as a Credit Enhancement Agreement (CEA). Projects involving Bonds for public infrastructure may be considered for the maximum time allowed by law (20 years), or as amended from time to time.
- H. The applicant shall provide documentation verifying the value of the fixed assets, being real and or personal property, as of the date of the acceptance of the TIF application. The City and applicant will agree upon the incremental tax value captured within the TIF application comparing the previous municipally assessed taxable value to the newly assessed taxable value. Agreement upon the incremental tax value captured under the TIF shall be part of the application process and consideration of said application by the Council.
- I. All applicants will be required to sign a Professional Fee Consent Form agreeing to reimburse the City for all outside professional costs, such as legal, accounting and advertising incurred as a result of the Tax Increment Financing proposal whether or not Tax Increment Financing is ultimately approved by both the City Council and the State of Maine Department of Economic and Community Development.
- J. The Applicant will agree to reimburse any additional out-of-pocket expenses incurred by the City in connection with the Tax Increment Financing proposal, whether or not Tax Increment Financing is approved by the City and State, e.g., expenses related to calling a Special Council Meeting, printed documents, travel, postage, etc.
- K. Upon the approval of any Tax Increment Financing, an annual Administrative Fee equal to 1% of the incremental taxes captured shall be charged to offset ongoing administrative charges related to the TIF Agreement.

Historical Note: Adopted September 13, 2004



The Most Northeastern City in the United States.

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Economic Development

Awarded the coveted Business Friendly City distinction from the Maine Department of Economic and Community Development the City of Caribou is the perfect place to start, expand, or grow your business. It is through the continued aggressive approach and the willingness to partner with and leverage the resources of aspiring entrepreneurs that our City will continue to grow. Please contact our City offices with any questions or needs you might have now or in the future so that we may start a partnership with you and your business today. Please contact our offices at:

Austin Bleess, City Manager

Phone: (207) 493-3324 Ext 230

Fax: (207) 498-3954

Email: citymanager@cariboumaine.org

[Information About Caribou](#)

[Demographics](#)

[Business Assistance Programming](#)

[Community and Economic Development Partners](#)

[Manufacturing Space Available](#)

[Slum and Blight Removal Program](#)

Upcoming Events

Moose Hunt
Lottery – Moose
Scavenger Hunt

May 26 @ 8:00 am -

June 17 @ 5:00 pm

Thursdays on
Sweden Street:
Moose on the
Loose!

June 8 @ 6:00 pm -
9:00 pm

City Council
Meeting

June 12 @ 6:00 pm -
8:00 pm

Maine Moose Hunt
Lottery

June 17 @ 9:30 am -
6:00 pm

Retail sales, 2007 160,428 20,444,031
(\$1000)

Retail sales per \$19,663 \$15,520
capita, 2007

Accommodation and 10,910 2,515,827
food services sales,
2007 (\$1000)

Geography Caribou Maine
QuickFacts

Land area in square 79.26 30,842.92
miles, 2010

Persons per square 103.3 43.1
mile, 2010

Current City Planning Documents:

<http://www.cariboumaine.org/index.php/government/planning-board/>

Business Assistance Programming

Tax Increment Financing:

Tax Increment Financing (TIF) is an economic development tool available to the City to use future growth in taxes to finance current improvements or development. Caribou's TIF Policy establishes a public-private partnership with new development through Credit Enhancement Agreements capturing any increase in valuation and dedicating all or a portion of the taxes associated with the new valuation towards the Project. The City's goal is to provide an incentive towards job creation, increases and diversification in taxable valuation, and economic growth that will sustain itself over time, thereby improving the economic well being of the entire Community.

Caribou has one of the largest pre-determined Downtown TIF Districts in Maine, being 635 acres in area encompassing all of our Industrial and Commercial Zones. For any Business requesting TIF

within this district, the City has already established eligibility for the benefit with the State. This puts Caribou far ahead of others for a timely response to any future requests.

Learn more about the TIF Program and download an application [here](#).

Low Interest Loans

Working with the Caribou Economic Growth Council (CEGC) the City of Caribou is able to offer loan interest loans to businesses looking to locate or expand in Caribou. The mission of the CEGC is to provide economic development assistance to businesses specifically interested in growing in Caribou by providing a point of contact for resources, information, business counseling services, gap financing, business planning, and business support. The CEGC has available loan funds for gap financing through the CEGC Reserve Fund, Rural Development Intermediary Relending Program, and Regional Economic Development Revolving Loan Fund. Guidelines for each of these funding sources are attached. Application inquiries should be directed to the City Manager at 25 High Street.

Pine Tree Zones:

Pine Tree Zones (PTZ) are a State of Maine law that allows eligible businesses the benefit of greatly reducing or virtually eliminating state taxes associated with their business and employee base for up to 10 years. The Program provides for a direct reimbursement of state income taxes and certain sales taxes back to the qualifying businesses. Targeted business sectors include; precision manufacturing, financial services, biotechnology, aquaculture, composite materials, environmental technologies, advanced agriculture and forestry, and information technology. Caribou has one of the largest Pine Tree Zones in the State for a municipality having 792 acres encompassing all of our commercial and industrial zones. The City will assist any new business to complete an application for certification with the State of Maine. Attached is further information. Websites with further information are:

www.maine.gov/revenue/incomeestate/ptdz.htm

Empowerment Zone Tax Credits

Empowerment Zone Tax Credits is 20% of the employer's qualified wages (up to \$15,000) paid or incurred during the calendar year on

PROCESS

I. INTRODUCTION

“Municipal Economic Development

A municipality may elect to provide financial assistance to local economic development projects – from infrastructure improvements to business expansions – by using new property taxes that result from the commercial investment and corresponding increase in property value. The state program that guides and encourages this local economic development activity is called municipal tax increment financing (TIF). TIF is predominantly a ‘real estate based’ tax incentive program.” (State of Maine, DECD Municipal Tax Increment Financing publication dated March 8, 2010)

Tax Increment Financing (TIF) is a tool that a city can use to participate in local project financing by using some or all of the new property taxes generated by capital investment within a geographic district. TIF is one of the few techniques authorized under state law to promote economic development projects by cities and towns. In the City of Caribou, applications for tax increment financing will be considered in the village districts, the commercial districts, and the industrial districts. Projects proposed in those areas of city receive special consideration in light of the goals established through the Comprehensive Plan and by the City of Caribou. The City may consider projects outside these areas on a case-by- case basis. Projects under consideration will directly or indirectly have a positive impact on the city.

Program Example

Land in a designated area (TIF district) is assessed at (original assessed value)	\$500,000
A developer builds a building on that land that is assessed at	\$1,000,000
The tax rate in Caribou per thousand dollars of assessed value is	\$20.50
The total property tax per year on this land and building is	\$30,750
The property tax per year on the new building only (Increment) is	\$20,500

All - or a portion - of the property tax of \$20,500 can be used to support the TIF district’s eligible development program and financial plan for as long as 30 years.

Not only can the \$20,500 per year be designated for eligible programs, that same amount can be “sheltered” from the computation of state subsidies (Revenue Sharing and General Purposed Aid to Education) and the payment of county taxes. As the city’s total value **increases** the city will realize a **decrease** in Revenue Sharing and Education subsidies and an increase in County tax payments.

	Taxes Sheltered in TIF	Without TIF Shelter – taxes to general fund
Taxes from new building (Example above)	\$20,500	\$20,500
Portion paid to County*		\$68.47
State Revenue Sharing Reduction*		\$2,111.79
State Education Aid Reduction*		\$9,000
Net to Caribou	\$20,500	\$9,319.74

*Please note that these figures are adjusted annually and may change based on the adjustment.

The Sheltered tax amount of \$20,500 (all or a portion) may be designated for eligible economic development programs including reimbursement to a developer for business or development project costs (via a Credit Enhancement Agreement).

Economic development projects will be eligible to apply for TIF funding when they meet at least three of the following objectives:

- The projects receiving TIF funding assistance are public infrastructure projects in support of the development that would typically be projects the community might fund through the general fund, or capital fund, but was unable to do so
- The project proceeds complete a public infrastructure project identified as needed by the community or an identified public benefit for the community
- The project cannot move forward without the infrastructure support
- The project itself will create or retain significant and sustainable employment opportunities

The purpose of this policy is to outline standards and processes that the City of Caribou will use in initiating or considering applications for Tax Increment Financing (TIF). Notwithstanding this policy the creation of a TIF agreement is a decision made on a case-by-case basis by the Caribou City Council and the Maine Department of Economic & Community Development (Maine DECD). Tax Increment Financing is a not a right under Maine law and meeting these policies should not be interpreted as creating any rights or entitlements in any application.

II. BASIC PROVISIONS

Applications for Tax Increment Financing (whether initiated by the City or requested by a developer or business) will be considered by City staff and the City Council, with all final approvals vested with the Caribou City Council and the Maine DECD. Applications for Affordable Housing TIFs and Amendments to existing TIFs will follow this process. The terms and specific details of each TIF agreement are developed on a case by case basis. The City Manager and the Manager's designated departments will negotiate for the City based on the merits of the project and this policy, following the process laid out

in the Application Requirements Section IV. In developing the application, the applicant (the City or the developer) shall meet the following basic provisions, as well as the policies and requirements stipulated in subsequent sections.

Affordable Housing TIFs are submitted using a special application form and are approved at the state level by the Maine State Housing Authority. The local review process is the same but unique criteria are used for evaluation. Separate documentation is available from the Maine State Housing Authority.

TIF Agreements. TIF is a tool that permits a municipality to participate in local project financing by using some or all of the new property taxes from a capital investment within a designated geographic district. The City has the right to retain TIF proceeds for public infrastructure improvements or TIF eligible expenses. The municipality has the option of using the “incremental” taxes to retire bonds it has issued for the project, fund eligible municipal economic development activities, or reimburse a developer or business for development project costs (via a Credit Enhancement Agreement).

TIF districts may be designated for up to 30 years and bonds may be issued for up to 20 years. The designation of a TIF district requires proper notice, a local public hearing, the majority vote of the municipal legislative body, and state approval.

- Eligible Expenses. Eligible TIF expenses include construction, design, and permitting of necessary infrastructure to support the proposed project. Other eligible expenses are defined by the State of Maine in its TIF Publication and Statutes (which may be amended from time to time). The City Council will consider proposals that further economic development goals endorsed by the community.

- Documentation. The applicant is required to provide all documentation associated with the application. This documentation becomes the basis by which the project's implementation is reviewed for compliance with final approvals.

- Geographic Boundaries. The City reserves the right, during the application process, to establish the size of the district necessary to meet the needs of the applicant or to meet the needs of infrastructure improvements deemed necessary by the community.

- Personal Property. Personal property shall not be included in the calculations for the TIF.

- Excess Funds. TIF agreements that include a CEA shall include a provision that directs any excess funds after the CEA is satisfied to be directed to economic development uses.

THE FOLLOWING 4 ITEMS APPLY TO TIFs THAT INCLUDE CREDIT
ENHANCEMENT AGREEMENTS ONLY

Credit Enhancement Agreement

If the TIF funds are to be used to reimburse a developer or business for development project costs, a Credit Enhancement Agreement (CEA) is created. The CEA, or contract between the municipality and developer or business, is a mechanism to assist the development project by using all, or a percentage of, the tax revenues generated by the new investment to pay certain authorized project costs with payments made directly to the developer or business.

- Amount of Funds. The TIF funds reimbursed/returned to the developer (via a CEA) will not exceed, over time, the amount of funds agreed to in the TIF document. The applicant is required to submit all documentation that will justify the expenditure to be reimbursed as estimated in the TIF agreement.
- Terms. Terms shall be negotiated between the City and the applicant on a case-by-case basis.
 - Agreements can extend between 1 and 30 years; and 20% to 100% of the incremental value can be captured depending upon the merits of the project
 - These terms are consistent with state statute.
- Suspension and Recapture of Benefits. The Credit Enhancement Agreements shall contain provisions for the suspension, termination, and/or recapture of benefits to the applicant. These actions will occur when the applicant does not meet the compliance standards outlined in this document. This would also include any statements or representations made by the applicant which would have a bearing on the City Council's decision to participate in a TIF and at what level. The agreements shall also provide for the termination and/or recapture of benefits from the applicant if the applicant relocates all or a substantial portion of the Caribou operation outside the project, during the term of the agreement.
- Level of Funding Adjustments. During the application process and during the life of the TIF (and CEA), the applicant shall demonstrate that the funds are being used at appropriate levels for the purpose intended. If the level of funds the applicant receives exceeds the projected need, the amount returned to the applicant shall be adjusted.

III. LEVEL OF MUNICIPAL PARTICIPATION

The City will use various criteria to determine participation including those listed below:

- The *value* of the proposed public infrastructure

- The project creates public infrastructure facilities that have application beyond the particular development, such as improvements to traffic patterns, parking facilities, access to water, the incorporation of sustainable technologies, green space, or environmental remediation
- The project is generally consistent with goals and actions stated in the City's Comprehensive Plan
- The project assists an established business in the City of Caribou, thus retaining existing employment opportunities
- The project brings a new business to the community that is consistent with one of the business sectors identified below
- The project supports, or will support, local efforts and programs that assist in the development of the following business sectors: manufacturing, the agriculture economy, technology industry, retail industry, lodging, tourism or the State's targeted industries consistent with Pine Tree Zone standards (manufacturing, advanced technologies for forestry & agriculture, aquaculture & marine technology, biotechnology, composite materials technology, environmental technology, financial services, information technology)
- The project creates long-term, permanent, and quality employment opportunities
- The project contributes to the unique quality of the City, commercial and industrial districts or other areas in need of redevelopment
- The project improves a blighted building site that will benefit from rehabilitation
- The project supports or will support community projects, provides job training, provides student internships, supports local contractors and suppliers

IV. APPLICATION REQUIREMENTS

For projects that include a Credit Enhancement Agreement

Applicants for a Credit Enhancement Agreement should demonstrate that the City of Caribou's participation is economically necessary and that participation is needed to undertake the project. Such justification is demonstrated by:

- The financial need to offset public infrastructure costs unique to the project or site
- The project is one that is in agreement with Caribou's Comprehensive Plan, in its capital improvement program, or in other supporting documents recognized by the community

- The developer demonstrates the financial capacity to undertake the project and provides evidence in support of this capacity. Evidence will include but is not limited to:

- Development budget and pro-forma
- Financial commitments of project lenders
- A project implementation plan and schedule

All such information shall be kept confidential. City staff and City Council will agree to a non-disclosure agreement, if deemed necessary.

- The project creates incremental tax value equal to or greater than \$500,000, excluding personal property

- The developer is compliant with all statutory and regulatory guidelines of the City of Caribou and the State of Maine

V. APPLICATION PROCESS

The City of Caribou will coordinate all activities regarding applications for Increment Financing, possible CEAs, Affordable Housing TIFs and TIF Amendments. It is understood that the TIF process can precede other local approvals; however, the final TIF approval can have receiving such approvals as a condition. Working with applicants, the Departments will coordinate the following process

- Phase 1: The Caribou City Staff will provide information on Caribou's Tax Increment Financing program to the applicants and discuss the merits of the project proposal(s). Where appropriate, the staff will reach out to obtain preliminary input from City departments, including, but not limited to the Tax Assessor, City Attorney, Codes Enforcement Officer, Director of Public Works, and advise applicants on the findings of City staff.

- Phase 2: The applicant shall file a preliminary application with the City. The City Manager, or his designee, shall review the application for completeness and then submit the application to the City Council for their preliminary review and comments.

- Phase 3: The City Manager will schedule a workshop meeting with the City Council and to review the proposal. The meeting should result in the creation of a determination as to whether the application is an appropriate use of TIF funding or not. At that meeting:

- The applicant shall provide an overview of the project
- The City Manager shall provide any preliminary input from staff, and

- The City Council members shall provide comment, as appropriate
 - There should be a preliminary discussion of terms including those involved with a CEA
 - There should be a discussion of policy waivers requested, if any
- Phase 4: Using the comments from that meeting, the applicant may apply for final application approval (the application is a separate document). The Manager shall proceed with the following:
 - Meet and obtain input from appropriate department heads
 - For those TIF applications in which a Credit Enhancement Agreement may be involved or anticipated, negotiate with the developer on the conditions under which a CEA agreement may be reached, including waivers and the rationale behind their need
 - Develop a findings of fact from the City Council
 - Unless otherwise specified by the City Council in Phase 3, the applicant shall obtain any necessary local permits such as site plan review, design review, traffic and parking review
 - Vet the Findings of Fact with City Council, revise, and renegotiate with the applicant as necessary, and
 - Finalize the findings of fact and forward the findings, with a recommendation, to the City Council.
 - Phase 5: Present the Findings of Fact to the City Council for their action.
 - Phase 6: Based on the City Council's direction and approval, designated staff shall prepare and submit the application for Tax Increment Financing to the State of Maine.
 - Phase 7: During implementation, the designated departments will monitor ongoing public and private investments in the particular development project to insure their compliance with Findings of Fact and the policies contained herein.

Application Fee

All developer or business applicants are required to:

- Reimburse the City of Caribou for all legal, staff, and consulting costs and any additional expenses whether or not an application is approved.
- At the time of final application submission, a deposit of \$1,000 will be made by the applicant into a fund to be used to reimburse the City for staff time and any other direct expenses like required legal fees. Any funds not used during that time may be returned when the construction project is completed.
- Applications will be provided by the City Manager's Office, Caribou City Hall, 25 Street, Caribou, Maine 04032.

VI. WAIVER PROVISIONS

The City Council may waive the provisions of this policy. The decision to do so shall be made by applying the intent of the following guidelines to insure that the project remains within the general parameters of Caribou's economic and community development vision. Criteria to be considered when granting the waiver include:

- Consistency with the Caribou Comprehensive Plan;
- Consistency with the City's economic and community development vision
- Consistency with other local, state and federal rules
- Evidence of need, and,
- Capacity to carry out the project

Appendix 1 - TIF/Credit Enhancement Agreement Application

(requested by developer)

Name of Applicant:
Applicant's Address:
Applicant's Phone:
Applicant's E-mail:
Location of Project: (map/lot)
Brief Project Description: (new building, square footage, use)
Reason for the TIF and Credit Enhancement Request:
Estimated project cost:
Current value of land and existing development:
Public benefit anticipated:
Preferred duration of credit enhancement benefit:
Preferred amount of credit enhancement benefit:
Projected project completion date:
Estimated completion percentage for next two years:
Anticipated additional development within the next 5 years:
Waivers requested if any:

APPLICATION COVER SHEET

City of Caribou

MUNICIPAL TAX INCREMENT FINANCING

A. General Information

1. Municipality Name: City of Caribou		
2. Address: 25 High Street, Caribou, ME 04736		
3. <i>Telephone:</i> 207-493-3324 x230	4. <i>Fax:</i> 207-498-3954	5. <i>Email:</i> citymanager@cariboumaine.org
6. <i>Municipal Contact Person:</i> Austin Bleess, City Manager		
7. Business Name:		
8. Address:		
9. <i>Telephone:</i>	10. <i>Fax:</i>	11. <i>Email:</i>
12. <i>Business Contact Person:</i>		
13. Principal Place of Business:		
14. Company Structure (e.g. corporation, sub-chapter S, etc.):		
15. Place of Incorporation:		
16. Names of Officers:		
17. <i>Principal Owner(s) Name:</i>		
18. <i>Address:</i>		

B. Disclosure

1. Check the public purpose that will be met by the business using this incentive (any that apply):		
job creation	job retention	capital investment
<i>training investment</i>	<i>tax base improvement</i>	public facilities improvement
other (list):		
2. Check the specific items for which TIF revenues will be used (any that apply):		
real estate purchase	machinery & equipment purchase	training costs
debt reduction	other (list):	

C. Employment Data

List the company's goals for the number, type and wage levels of jobs to be created or retained as part of this TIF development project (*please use next page*).

EMPLOYMENT GOALS

Company Goals for Job Creation and Job Retention

<i>A. Job Creation Goals</i>			
<i>Occupational Cluster*</i>	<i>Full-time</i>	<i>Part-time</i>	<i>Wage Level</i>
1. Executive, Professional & Technical			\$
2. Administrative Support, inc. Clerical			\$
3. Sales & Service			\$
4. Agriculture, Forestry & Fishing			\$
5. Maintenance, Construction, Production, & Transportation			\$
<i>B. Job Retention Goals</i>			
<i>Occupational Cluster*</i>	<i>Full-time</i>	<i>Part-time</i>	<i>Wage Level</i>
1. Executive, Professional & Technical			\$
2. Administrative Support, inc. Clerical			\$
3. Sales & Service			\$
4. Agriculture, Forestry & Fishing			\$
5. Maintenance, Construction, Production, & Transportation			\$
<i>*Please use the Occupational Cluster descriptions on the next page to complete this form.</i>			

INSTRUCTIONS

A. Job Creation Goals. Please list the number, type and wage level of jobs created as a result of the economic development incentive. NOTE: For this form, "full-time" employment means 30 hours or more; "part-time" employment means less than 30 hours. "Wage level" means the average annual wage paid for jobs created within an occupational cluster, e.g. either their annual salary, or their hourly wage times their annual hours. Also, "type" means "occupational cluster" which refers to the 12 categories defined below. Please include the number of your employees (both full-time and part-time) working within the category that most closely reflects their job duties.

B. Job Retention Goals. Please list the number, type and wage level of jobs retained as a result of the economic development incentive. Part B should be completed using same definitions in Part A.

OCCUPATIONAL CLUSTERS

1. EXECUTIVE, PROFESSIONAL & TECHNICAL

Executive, administrative and managerial. Workers in executive, administrative and managerial occupations establish policies, make plans, determine staffing requirements, and direct the activities of businesses and other organizations. Workers in management support occupations, such as accountant and auditor or underwriter, provide technical assistance to managers.

Professional specialty. This group includes engineers; architects and surveyors; computer, mathematical, and operations research occupations; life, physical, and social scientists; lawyers and judges; social, recreational, and religious workers; teachers, librarians, and counselors; health diagnosing, assessment, and treating occupations; and communications, visual arts, and performing arts occupations.

Technicians and related support. This group includes health technologists and technicians, engineering and science technicians, computer programmers, tool programmers, aircraft pilots, air traffic controllers, paralegals, broadcast technicians, and library technicians.

2. ADMINISTRATIVE SUPPORT, INCLUDING CLERICAL

Administrative support, including clerical. Workers in this group prepare and record memos, letters and reports; collect accounts; gather and distribute information; operate office machines; and handle other administrative tasks.

3. SALES AND SERVICE

Marketing and sales. Workers in this group sell goods and services, purchase commodities and property for resale, and stimulate consumer interest.

Service. This group includes a wide range of workers in protective, food and beverage preparation, health, personal, private household, and cleaning and building services.

4. AGRICULTURE, FORESTRY AND FISHING

Agriculture, forestry and fishing. Workers in these occupations cultivate plants, breed and raise animals, and catch fish.

5. MAINTENANCE, CONSTRUCTION, PRODUCTION & TRANSPORTATION

Mechanics, installers, and repairers. Workers in this group adjust, maintain, and repair automobiles, industrial equipment, computers, and many other types of machinery.

Construction trades and extractive. Workers in this group construct, alter, and maintain buildings and other structures or operate drilling and mining equipment.

Production. These workers set up, adjust, operate, and tend machinery and/or use hand tools and hand-held power tools to make goods and assemble products.

Transportation and material moving. Workers in this group operate the equipment used to move people and materials. This group also includes handlers, equipment cleaners, helpers, and laborers who assist skilled workers and perform routine tasks.

TAX SHIFT FORMULAS

It is required during any application for designation as a tax increment financing district to calculate tax shifts that result from the creation of the District. These tax shifts are noted in the following basic formulae that use local property tax valuation as a basis for calculations. These formulae provided by DECD are:

- Municipal Share of County Taxes
- Revenue Sharing
- Education Costs

The following is the process used to derive these tax shifts.

County Tax Shift

In order to produce this result, information must be obtained from the Maine Revenue Services and the County government of which the District will reside in. First, the most recent County State Valuation should be obtained. The averaged Captured Assessed Value for the District for the life of the project will then be determined. The averaged Captured Assessed Value is then divided by the Current County State Valuation. To find the estimated average county tax over the life of the District, you must obtain the County Tax for the City for the last five years. The average change is then determined and projected to the middle of the districts life. This projected tax was multiplied by the factor developed above to arrive at the County Tax Shift.

$$\frac{\text{(Captured Assessed Value)}}{\text{(Captured Assessed Value + Current County State Valuation)}} \times \text{Estimated Average Annual County Tax}$$

Revenue Sharing Shift

The total Municipal Revenue Sharing amount was obtained from the State Treasurer in order to complete the following formula:

Step 1:

$$\frac{\text{Municipal Population} \times \text{Local Property Tax Levied}}{\text{State Local Valuation}} = \text{Current Factor}$$

Step 2:

$$\frac{\text{Municipal Population} \times \text{Local Property Tax Levied}}{\text{State Local Valuation} + \text{Captured Assessed Value}} = \text{Adjusted Factor}$$

Step 3:

$$\frac{\text{Current Factor}}{\text{Adjusted Factor}} = 1.X$$

Step 4:

$$1.X - 1.0 = .X$$

Step 5:

$$.X (\text{Total Municipal Revenue Sharing Amount}) = \text{Revenue Sharing Shift}$$

Education Tax Shift

State law requires that an estimate be made of how much of a loss in State aid to education a community would experience had the TIF District not been created. The premise for this requirement is that if the TIF did not exist and the development still occurred, other taxing jurisdictions would benefit by the (TIF) City paying more *and receiving less*.

Historically, the methodology used to determine the fiscal impact from the establishment of a TIF District was to multiply the Captured Assessed Value by the constant .009. The result would be an annual and cumulative “Education Tax Shift” for the proposed district. Changes in the distribution of State funding for education have required TIF applicants to develop other methodologies that more accurately reflect the “Education Shift”.

Appendix 3 – TIF/CEA Evaluation Checklist (For City Use)

Name of Applicant:
Name of Project:
Date:

Applicants requesting TIF funding with a Credit Enhancement Agreement must meet one or more of the following objectives: Refer to TIF Policies for further explanation

- _____ The project requesting TIF funding assistance contains public infrastructure
- _____ The TIF funding would complete a public infrastructure project identified as needed by the City
- _____ The project cannot move forward without the infrastructure support
- _____ The project itself will create or retain quality jobs

Applicants for a CEA will demonstrate that the City's financial participation is needed by the following:

TIF Application Requirements Evaluation of Current Application	TIF Application Requirements Evaluation of Current Application
There is a financial need to offset public infrastructure costs unique to the project or site	
The developer demonstrates the financial capacity to undertake the project and provides evidence in support of this capacity. Evidence will include but is not limited to: <ul style="list-style-type: none"> • Development budget and pro-form • Financial commitments of project lenders • Project implantation plan and schedule 	
The project creates incremental tax value equal to or greater than \$1 million, excluding personal property	
The number, type, and wage level of jobs that will be created	
The developer is compliant with all statutory and regulatory guidelines of the City of Caribou and the State of Maine	

The following will guide the level of potential City participation

TIF Policies to be Met Evaluation of Current Application	TIF Policies to be Met Evaluation of Current Application
The value of the proposed public infrastructure	
The public infrastructure has value beyond the current project	
The project is generally consistent with the City's Comprehensive Plan	
The project brings a new business to City in a targeted sector – light manufacturing, creative economy, medical, lodging, eco-tourism, and eligible PTDZ sectors. Tax base diversification is important.	
The project creates long-term, permanent, quality jobs either by an existing business expansion or new business development – specific targeted numbers are important here	
The project's impact on existing Businesses	
The project contributes to the unique quality of the City, especially commercial areas in need of redevelopment	
The project improves a blighted building Site	
The project supports (or will support) community projects, provides job training, provides student internships, supports local contractors and suppliers	

Application Components

- _____ Completed TIF/CEA Application
- _____ Inclusion of accompanying financial documents
- _____ Request for policy waivers or modifications, if any
- _____ Deposit of \$1,000.00 toward reimbursement for city staff time and direct expenses