

City of Sanford Maine

Municipal Tax Increment Financing



2022

City of Sanford-Village of Springvale
Municipal Tax Increment Financing

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City of Sanford-Village of Springvale

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PART I. MUNICIPAL TAX INCREMENT FINANCING – PROGRAM DESCRIPTION

Municipal Economic Development

The City of Sanford 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 resulting increase in property value. The state program that guides and encourages this local economic development activity is called municipal tax increment financing (TIF).

Program Summary

TIF is a tool that permits the City of Sanford 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 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, and bonds may be issued, for up to 30 years. The designation of a TIF district requires proper 10-day notice, a public hearing and majority vote of the Sanford City Council, and state approval from the Maine Department of Economic and Community Development.

Hypothetical Examples

A business invests \$1,000,000 in buildings and site improvements on vacant land presently valued at \$200,000, and installs machinery and equipment worth \$800,000. Assuming the City of Sanford has a property tax rate of 20 mills, and the \$1,800,000 investment goes on the tax rolls at 100%, the business will have a total tax obligation of \$40,000 per year. The new or incremental portion of the tax bill is \$36,000, and therefore available to support the TIF district's development program and financial plan.

Scenario 1: Municipal Bond Financing. The City of Sanford issues a 20-year general obligation bond for road and utility improvements that support the development project and pays the annual debt service using TIF revenues.

Scenario 2: Credit Enhancement Agreement (CEA). The City of Sanford negotiates a fifteen-year CEA with a business that invests the \$1,800,000 in property and pays taxes in a timely fashion. The City returns a portion of TIF revenues to the company to assist in financing the new buildings and equipment.

Scenario 3: Municipal Economic Development. The City of Sanford funds staff to manage and operate an economic development organization and budgets TIF revenues for personnel and marketing.

How to Apply

All TIF inquiries can be brought first to the Sanford Regional Economic Growth Council staff. Subsequent conversations may include other City officials and/or the City's Attorney, as warranted. Proposals must fully address each part of the attached application which includes a cover sheet, employment page and "application requirements." Complete applications must be submitted to the Growth Council with a \$250 non-refundable fee. All proposals will be reviewed and applicants will be notified of their acceptance or rejection. Any questions may be addressed by phoning staff at (207) 324-9155, or emailing staff at contactus@sanfordgrowth.com. This TIF Manual may be accessed on-line at www.sanfordgrowth.com.

A. Key Features of Municipal Tax Increment Financing

- A local economic development financing program that uses some or all of the tax revenues generated (the tax “increment”) from new investments in real property, to reduce bond debt issued for the project, pay the investing company directly for project costs incurred, or fund eligible municipal economic development activities;
- A “shelter” against adverse adjustments to state education and revenue sharing subsidies, and county taxes, based on total municipal valuation; and
- A powerful, flexible economic development tool for municipalities to support job creation and retention, capital investment in growth areas and a broadening of the local tax base.

B. Eligible Uses for TIF Revenues

1. Costs Within the District

- *Capital costs*, including:
 - acquisition or construction of land, improvements, public ways, buildings, structures, fixtures and equipment;
 - some transit-oriented, recreational trail-related, and public ways costs that are eligible;
 - demolition, alteration, remodeling, repair or reconstruction of existing buildings, structures and fixtures;
 - site preparation and finishing work; and
 - fees and expenses that are eligible to be included in the capital cost of such improvements.
- *Financing costs*, including:
 - 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.
- *Real property assembly costs*.
- *Professional services*, such as licensing, architectural, planning, engineering and legal expenses.
- *Reasonable administrative expenses*, including those incurred by municipal employees in connection with implementation of a development program.
- *Relocation costs*, including relocation payments made following condemnation.
- *Organizational costs relating to the establishment of the district*, such as environmental impact and other studies, and costs to inform the public about the creation of the district and implementation of plans.
- *Transit-oriented ongoing costs of creating or extending transit service*, limited to transit operator salaries, vehicle fuel and vehicle parts replacement.

2. Costs Outside the District, but directly related to, or are made necessary by, the establishment or operation of the district

- *That portion of certain infrastructure improvements* reasonably related to the district, including:
 - sewage treatment plants, water treatment plants or other environmental protection devices;
 - storm or sanitary sewer lines and water lines;
 - electrical lines;
 - improvements to public safety facilities; and
 - amenities on streets.
- *Other improvements*, including:
 - public safety improvements made necessary by the establishment of the district; and
 - costs incurred to mitigate any adverse impact of the district upon the municipality, including special emphasis on public facilities and improvements within downtown districts.

3. Costs for Economic Development, Environmental Improvements, Fisheries & Wildlife, Marine Resources, Recreational Trails, Broadband Deployment, or Employment Training within the Municipality

- *Economic development programs*, or events developed by the municipality, or marketing of the municipality as a business or arts location;
- *Environmental improvement projects* developed by the municipality for commercial or arts district use or related to such activities;
- *Establishing permanent* economic development revolving loan funds, investment funds or grants to support commercial and industrial activities;
- *Costs of Services and Equipment* to provide skills development and training for jobs created or retained in the municipality, including scholarships to in-state educational institutions, or on-line when in-state options are unavailable – these costs must be designated as training funds in the development program;
- *Quality child care costs*, including finance costs and construction, staffing, training, certification and accreditation costs related to child care;
- *Costs associated with: new or existing recreational trails* deemed to have significant potential to promote economic development; *new or expanded transit service* limited to certain capital and operating expenses; and *fisheries and wildlife or marine resources projects*;
- *Costs related to: construction or operation of public safety facilities*, up to 15% of district CAV; and
- *Costs associated with: broadband and fiber optics expansion projects*, with some permissibility allowed for residential and non-commercial uses if district unserved by broadband service.

4. Waiver to Encourage/Allow State and Municipal Government Offices in Downtown if Leasing Private Space: Eligible costs include constructing or improving privately-owned facilities or buildings that are located in approved downtown tax increment financing districts and leased by State and Municipal Government.

C. Unauthorized Uses for TIF Revenues

Except for the downtown waiver for private facilities, and up to 15% CAV exception for public facilities, project costs for facilities, buildings or portions of buildings used predominantly for the general conduct of government, or for public recreational purposes, are not allowed under the TIF program statute. Examples include 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.

D. How Municipal Economic Development Works *Without* TIF

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

E. How TIF *Helps* Municipal Economic Development

- TIF allows the municipality to "shelter" new value resulting from certain development projects from the computation of its State subsidies and County taxes.
- The sheltering allows the municipality to retain all or a portion of those new tax revenues otherwise passed on to the County and State. The municipality achieves the sheltering effect by designating a specific geographic area as a Municipal Development Tax Increment Financing District.
- The designation "freezes" the original value of taxable property within the district with respect to the State and County for the term of the district.

F. Criteria for TIF District Designation and Approval

- At least 25% by area, of the real property within the district, must be:
 - Blighted; or
 - In need of rehabilitation, redevelopment, or conservation work; or
 - Suitable for industrial and commercial sites.

- The municipal legislative body oversees the preparation of a TIF application and designates the district following a public process and approval by majority vote, and must consider the effect of this action on “interested parties.”
- DECD’s Commissioner reviews proposed applications and approves municipal designations that comply with the program statute and rule.

G. TIF Program Limitations

- *Acreage Caps:* no single district may exceed 2% of the total acreage of the municipality; and the total of all districts may not exceed 5% of the total acreage of the municipality. The boundaries (area) of a designated district may be altered only through an amendment process.
- *Value Cap:* the original assessed value of taxable property within a proposed district, plus the original assessed value of all existing TIF districts, may not exceed 5% of the total value of taxable property within the municipality as of April 1st preceding the date of DECD’s approval.
- *Term Limits:* general obligation or revenue bonds to finance all project costs needed to carry out the development program within a TIF district may be issued for a maximum of 30 years (anticipation notes for three years). TIF districts may be designated for a maximum of 30 years.

H. Funding for Infrastructure Improvements and Project Costs

The financial plan section of a TIF development program contains a description of how district infrastructure improvements and project activities will be funded. Typically, there are two methods used: *bonds* and/or *credit enhancement agreements*. The two techniques, and their respective statutory payment accounts, are highlighted below:

- The issuance by the municipality of general or limited obligation bonds requires the establishment of a *Development Sinking Fund* for TIF revenues dedicated to repaying the bond, and/or
- The negotiation and approval by the municipality of a credit enhancement agreement (contract) with a developer or company, using either fixed dollar amounts, or a percentage of revenues, requires the establishment of a *Project Cost Account* to reimburse TIF revenues to the developer or company for authorized development project costs.

1. Credit Enhancement Agreement (CEA)

The CEA or contract between the municipality and company 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 company.

A. Advantages of the CEA

- * Municipality is automatically indemnified against risk of insufficient tax increment revenues to meet debt service requirements.
- * Public approval often easier to obtain.
- * Easily accounts for re-valuations.

- * Allows municipality to provide a direct incentive to businesses within the district for up to 30 years.
- * Flexibility
 - Percentage of tax revenues retained may vary over life of district,
 - Can finance multiple project costs,
 - Possible to "share" unanticipated additional tax revenues, and
 - Business may pursue best available financing in private sector.

B. Disadvantages of Credit Enhancement Agreement

- * Tax-exempt municipal bond interest rate not available.
- * Unless an explicit dollar amount investment cap is established, the municipality's TIF reimbursement is tied directly to the level of investment and new value created in the district.

2. Municipal Debt (Bonds)

Issuance of municipal general obligation bonds or limited obligation bonds is a mechanism that may be used to fund a TIF district development program.

A. Advantages of Municipal Debt

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

B. Disadvantages of Municipal Debt

- * Risk exposure: the municipality remains liable for debt service on general obligation bonds if tax increment revenues are insufficient (though shortfalls may be guaranteed by the developer).
- * Voters are generally debt averse, so approval is often more difficult to obtain.
- * Re-valuations can negatively affect tax increment revenues available for debt service, requiring an amendment to the original approval.

PART II. Sanford Maine ~ TIF Policy Overview & Program Guidelines

INTRODUCTION

Tax Increment Financing (TIF) is one of the few financing mechanisms authorized under state law and available to cities and towns to promote and support municipal economic development. In the City of Sanford, it is believed that economic development, workforce development and housing all play key interconnected roles in ensuring future economic prosperity. TIF applications will be considered for all areas zoned for commercial development in an effort to build community and economic growth through public-private partnerships with both existing and new businesses.

Special consideration will be given to mixed-use projects proposed in the Downtown and Historic Mill District, including market-rate housing, in order to utilize existing infrastructure and grow and expand the local economy.

Economic development projects are eligible for consideration when they meet the following guidelines:

- Would not occur otherwise, or can highlight mutual benefit to the community and business;
- Create or retain employment opportunities;
- Expand the City's tax base; and
- Conform to the quality and types of development sought by the City as outlined in the Zoning Ordinance, Comprehensive Plan, and other policies enacted by the City Council.

The City of Sanford will use these guidelines in considering TIF applications. Notwithstanding these guidelines, the designation of a TIF district and adoption of a development program is a Sanford City Council policy decision made on a case-by-case basis with recommendations from the Sanford Regional Economic Growth Council. The City Council then submits a properly-executed TIF proposal to the Maine Department of Economic & Community Development for final approval. Tax Increment Financing is not a right under Maine law and meeting these guidelines should not be interpreted as creating any rights or entitlements in any application.

BASIC PROVISIONS

- A. The City of Sanford is able to create two types of districts. One type allows the City of Sanford to install public infrastructure using bonds, which are retired using the tax increment generated by the private project that will be using the public infrastructure. The other returns the tax increment directly to the investing developer or business to cover project costs through a contract called a Credit Enhancement Agreement (CEA).
- B. The applicant must provide any and all documentation deemed necessary by the City to substantiate the TIF requirements and protect the City's economic and financial position, including invoices supporting cost reimbursement requests.
- C. The CEA 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. TIF shall be revenue neutral, or better, to the City over the life of the district. An investing developer or business may not be reimbursed more TIF revenues than the development project generates in new taxes.
- E. The applicant is obligated to apply for any State reimbursement programs for personal property and/or real estate taxes. The proceeds from this application will be returned to the City and placed in the "Economic Development Fund" account. The City will expend monies

in the "Economic Development Fund "account according to 30-A M.R.S.A. Section 5254, as it may be amended from time to time.

- F. Tax Increment Financing CEAs of five years or less are highly preferred by the City. On average most CEAs entered into by the City are for fifteen (15) years. Historically, projects involving bonds for public infrastructure have not been part of the City's TIF portfolio, but may be considered for up to thirty (30) years, the maximum term allowed by law.
- G. The applicant will provide verified documentation as to the value of the fixed assets, being real and personal property, as of the date of the acceptance of the application. The City and applicant will agree upon the frozen assessed value for TIF purposes if there is a difference between the committed value and the April 1 assessed value.
- H. All applicants will be required to sign a Cost Reimbursement Agreement in order to reimburse the City for all outside professional costs, such as legal, accounting and advertising incurred as a result of the TIF proposal whether or not TIF is approved.
- I. In addition, any out-of-pocket expenses, incurred by the City, in connection with the TIF proposal will be reimbursed by the applicant, whether or not the TIF is approved, e.g., expenses related to calling a Special Council Meeting, printing, travel, postage, etc.
- J. If TIF is approved, an annual administrative fee, equal to 1% of the incremental taxes reallocated back to the project, may be charged.

ADDITIONAL GUIDELINES CONSIDERED

In all instances, applicants for tax increment financing must demonstrate that the City of Sanford's participation is economically necessary and that participation is needed to undertake the project. Such justification is demonstrated by:

- A need to offset infrastructure costs unique to the site
- A need to offset economic advantages available to a corporate entity if it should develop a project (or expand operations) outside of Sanford
- A lack of sufficient private or other public funding sources to meet the full capital investments needed to undertake a project
- The project creates significant new tax value and creates or retains jobs throughout the City's planned development, commercial, and industrial zones, with special preference to projects in the Downtown District or Historic Mill Yard
- The developer is financially capable to undertake the project
- The developer is compliant with all statutory and regulatory guidelines of the City of Sanford and the State of Maine

GUIDELINES THAT HELP DETERMINE LEVEL OF CITY PARTICIPATION

The following criteria will be used to help determine the level of participation by the City of Sanford:

- The project assists an established business in the City of Sanford, thus retaining existing employment;
- The project creates long-term, permanent and quality employment opportunities;
- The project contributes to the revitalization of the Downtown District, Historic Mill Yard, Commercial and Industrial Zones, and designated Growth Areas;
- The project improves a blighted building site in need of rehabilitation;

- The project creates public infrastructure facilities that have application beyond the particular development such as improvements to utilities, telecommunications, traffic patterns, parking facilities, green space, etc.;
- The project supports or will support community projects, provides job training, provides student internships, supports local contractors and suppliers;
- The project supports or will support local efforts and programs that assist those who are under-employed or low to moderate income (LMI); and
- The developer or business has a responsible history of timely real and personal property tax payments and pledges this continued responsibility over the term of the TIF district.

PROCESSING TIF APPLICATIONS

The Sanford Regional Economic Growth Council (“the Growth Council”) board and staff will act as a clearinghouse and coordinate all activity regarding tax increment financing proposals. Working with potential applicants, the Growth Council will:

1. Provide information on tax increment financing;
2. Verify applications for consideration to first determine whether they propose investments resulting in at least \$100,000 of new taxable real and/or personal property;
3. Discuss proposals and accept preliminary applications from applicants, who must pay a \$250.00 non-refundable application fee at the time of submission;
4. Review preliminary application based on policy guidelines with the Growth Council Board of Directors, City Treasurer, City Tax Assessor, City Attorney, Planning and other City departments as necessary;
5. Advise applicants on findings of the Growth Council, City Attorney and City Staff;
6. Adhere to notice and hearing requirements set forth in 30-A MRSA sec. 5226, and necessary prior to the designation of a TIF district;
 - ✓ This section allows for a public hearing on the TIF application if notice is published in a newspaper of general circulation in Sanford at least ten (10) days prior to the hearing date.
7. Following a review and evaluation of an application, the Growth Council, and (when necessary), City Attorney and City Staff, will prepare a presentation and recommendations to the City Council (in either Executive Session, or to the appropriate City Council Sub-Committee), which will decide whether to accept the application as written, or request a modification to bring the application before the City Council at another date. When agreement to move forward is secured, a Public Hearing is scheduled at the City Council where later in the meeting a vote will be taken to accept or reject the TIF application. Recommendations from the Growth Council, and when necessary, City Attorney and City Staff, will accompany the package presented to the City Council at the Public Hearing.
8. Based on the City Council’s direction and approval, the City Attorney, with the Growth Council, City Treasurer, and other City administration (as may be needed) will prepare and submit applications for tax increment financing to the State of Maine Department of Economic and Community Development (DECD) and will monitor ongoing public and private investments in the particular development project.

- The application to the DECD must contain the following:
 - ✓ Cover sheet and job goals page
 - ✓ Development Program
 - ✓ Calculation of tax shifts
 - ✓ Evidence of public hearing notice
 - ✓ Record of district designation by municipal legislative body
 - ✓ District area and value certifications
 - ✓ Map and description of district
 - ✓ Overview of the Development Project to be financed
 - ✓ Financial plan
 - Cost estimates for the program
 - Indebtedness to be incurred
 - Sources of anticipated revenues
 - Estimates of Captured Assessed Value (CAV)
 - CAV and resulting tax increment revenues to be applied to the program each year
 - Estimated impact on all taxing jurisdictions in which district is located
 - ✓ List of public facilities to be constructed (if any)
 - ✓ Uses of private property within district
 - ✓ Plans for relocation of persons displaced by development activities
 - ✓ Proposed traffic improvements
 - ✓ Environmental controls to be applied
 - ✓ Proposed operation of the district after capital improvements are complete
 - ✓ Duration of district (not to exceed 30 years)
9. All decisions will be sent in writing to the applicant, locally from City administration on behalf of the City Council, and the State-level response will be from the DECD.
10. Annual reviews and oversight to be done by City Treasurer, City Tax Assessor and other City Staff as necessary. Annual reports will consist of the following:
- ✓ The extent to which public improvements and project plans outlined in the development program have been completed.
 - ✓ The amount by which each TIF district's current assessed value has increased (or decreased) from the original assessed value.
 - ✓ The extent to which debt incurred in implementing the development program has been retired.
 - ✓ Any other information specifically required by the DECD.

PART III. TIF Program Statute and Rule

Maine Revised Statutes

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) .]

[2007, c. 413, §1 (AMD); 2009, c. 314, §1 (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) .]

14-A. Public safety facility. "Public safety facility" means a facility used primarily for the functions of municipal or plantation government that ensure the protection of residents, organizations and institutions in the municipality or plantation, including the provision of law enforcement, fire and emergency services.

[2019, c. 148, §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.

[2007, c. 413, §3 (AMD); 2011, c. 287, §1 (AMD); 2011, c. 675, §2 (AMD); 2011, c. 691, Pt. A, §31 (AMD); 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, subject to the following conditions:

- (1) A development district that is a tax increment financing district 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, subsection 3 or, if specified in the development program, the subsequent tax year; and
- (2) A development district that is funded by assessments under section 5228 and that is not a tax increment financing district is not limited in duration unless a limitation on duration is established by the legislative body of the municipality or plantation adopting the development program. Any limitation in the duration of a development district that is not a tax increment financing district and that is established by the legislative body of the municipality or plantation may later be extended by the legislative body, and [2019, c.140, §1 (RPR) .]

I. All documentation submitted to or prepared by the municipality or plantation under section 5223, subsection

2. [2011, c. 101, §10 (AMD) .] [PL 2019, c. 140, §1 (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) Costs 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 public safety facilities; and amenities on streets; [2019, c. 148, §2 (AMD).]
- (2) Costs of public safety improvements related to the establishment of the district; and [2019, c. 148, §2 (AMD).]
- (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, broadband service development, expansion or improvement, including connecting to broadband service outside the tax increment financing district, employment training or the promotion of workforce development and retention within the municipality or plantation, including, but not limited to: [2019, c. 260, §1 (AMD).]

- (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) Costs associated with child care facilities and adult care facilities and the services provided at those facilities, including finance costs and construction, staffing, training, certification and accreditation costs related to child care and adult care; [2019, c. 260, §1 (AMD) .]

(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) .]

(9) Costs related to the construction or operation of municipal or plantation public safety facilities, the need for which is related to general economic development within the municipality or plantation, not to exceed 15% of the captured assessed value of the development district; and [2019, c. 148, §3 (AMD) .]

(10) Costs associated with broadband and fiber optics expansion projects, including preparation, planning, engineering and other related costs in addition to the construction costs of those projects. If an area within a municipality or plantation is unserved with respect to broadband service, as defined by the ConnectME Authority as provided in Title 35-A, section 9204-A, subsection 1, broadband and fiber optics expansion projects may serve residential or other nonbusiness or noncommercial areas in addition to business or commercial areas within the municipality or plantation; and [2019, c. 260, §1 (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) .]

[2007, c. 413, §§5, 6 (AMD); 2009, c. 1, §22 (COR); 2009, c. 85, §1 (AMD); 2009, c. 126, §1 (AMD); 2009, c. 314, §11 (AMD); 2011, c. 102, §1 (AMD); 2011, c. 675, §3 (AMD); 2013, c. 184, §4 (AMD) .]

2. Unauthorized project costs. Except as provided in subsection 1, paragraph C, subparagraph (9) and 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 and other state and local government office buildings, recreation centers, athletic fields and swimming pools. [2019, c. 148, §4 (AMD) .]

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

19-100 DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT

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 DECD TIF 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.”

Title 36: TAXATION

Chapter 101: GENERAL PROVISIONS

Subchapter 1: POWERS AND DUTIES OF STATE TAX ASSESSOR

§208. EQUALIZATION

The State Tax Assessor has the duty of equalizing the state and county taxes among the several towns and unorganized territory. The State Tax Assessor shall equalize and adjust the assessment list of each town, by adding to or deducting from it such amount as will make it equal to its just value as of April 1st. Notice of the proposed valuations of municipalities within each county must be sent annually by certified mail to the chair of the board of assessors, and chair of the board of selectmen in municipalities having selectmen, of each municipality within that county on or before the first day of October. The valuation so determined is subject to review by the State Board of Property Tax Review pursuant to subchapter 2-A, but the valuation finally certified to the Secretary of State pursuant to section 381 must be used for all computations required by law to be based upon the state valuation with respect to municipalities. [2017, c. 288, Pt. A, §36 (AMD).]

Chapter 102: PROPERTY TAX ADMINISTRATION

Subchapter 1: BUREAU OF REVENUE SERVICES

§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 each year 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. The equalized just value excludes the following:

A. That percentage of captured assessed value located within a tax increment financing district that is used to finance that district's development plan; [2017, c. 170, Pt. B, §1 (NEW).]

B. The captured assessed value located within a municipal affordable housing development district; and [2017, c. 170, Pt. B, §1 (NEW).]

C. The amount by which the current assessed value of commercial and industrial property within a municipal incentive development zone exceeds the assessed value of that property as of the date the development zone is approved by the Commissioner of Economic and Community Development. This excess value as determined under Title 30-A, chapter 208-A and referred to in this subsection as the "sheltered value" is limited to the amount invested by a municipality in infrastructure improvements pursuant to the infrastructure improvement plan adopted under Title 30-A, chapter 208-A. [2017, c. 170, Pt. B, §1 (NEW).]

The equalized just value must be uniformly assessed in each municipality and unorganized place and be based on 100% of the current market value. The bureau's valuation documents 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; [2017, c. 170, Pt. B, §1 (AMD) .]

PART IV. TIF PROGRAM APPLICATION

A. GENERAL

Municipalities wishing to use municipal tax increment financing to fund development programs must submit to DECD the completed Cover Sheet form and Employment Goals form, an application conforming in all material respects to the requirements of the program rules, and any additional information DECD may request.

B. APPLICATION FORMS

The Application Cover Sheet and the Employment Goals page must be submitted as part of the complete application required for state approval. Scroll down to view forms.

In addition, the State of Maine DECD has created a TIF Application Form template with sample Exhibits that comply with the TIF Statute and Rule. This form and other relevant documents can be viewed online at: <https://www.maine.gov/decd/business-development/tax-incentives-credit/municipal-tax-increment-financing>.

APPLICATION COVER SHEET

MUNICIPAL TAX INCREMENT FINANCING
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A. General Information

1. Municipality Name:		
2. Address:		
3. Telephone:	4. Fax:	5. Email:
6. Municipal Contact Person:		
7. Business Name:		
8. Address:		
9. Telephone:	10. Fax:	11. Email:
12. Business Contact Person:		
13. Principal Place of Business:		
14. Company Structure (e.g. corporation, sub-chapter S, etc.):		
15. Place of Incorporation:		
16. Names of Officers:		
17. Principal Owner(s) Name:		
18. Address:		

B. Disclosure

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

CHECKLIST – Preparing a TIF Application and Development Program

Application Components

- Cover Letter from City Manager with Attestations
- Cover Sheet Form and Employment Goals Form
- Statutory Requirements and Thresholds Form
- Development Program for District, including
 - Description of public facilities, improvements or programs
 - Description of commercial facilities, improvements or projects
 - Duration of the district (not to exceed 30 years)
 - Certification of original assessed value of taxable property
 - Physical description, including
 - Municipal map showing district location
 - Tax map showing district boundaries
 - Financial Plan, including:
 - Cost estimates for the program
 - Amount of public indebtedness to be incurred
 - Sources of anticipated revenues
 - Description of credit enhancement agreement, if any
 - Estimates of increased assessed value for each year
 - Portion of increased assessed value to be sheltered and used as captured assessed value and resulting annual tax increments committed to the development program
 - Tax shift calculations for each year of the program
 - Plans for relocation of persons displaced by development activities
 - Proposed transportation improvements
 - Environmental controls to be applied
 - Proposed operation of the district after capital improvements are completed
- Evidence of public hearing notice, including

- ❑ 10-day notice of public hearing, with proof of publication date
- ❑ Minutes of public hearing, attested to and signed by city clerk
- ❑ Record of district designation by majority vote of municipal legislative body

State Approval Process

- ❑ Approved application forwarded to DECD
- ❑ DECD Commissioner reviews for statutory compliance and approves municipal designation
- ❑ Municipality and Maine Revenue Services notified of DECD approval

Assistance with TIF Application Preparation

- ❑ Preparation of a TIF Application can be complicated
- ❑ Municipalities have varying levels of in-house expertise, and all tend to utilize law firms with TIF experience for legal advice and support
- ❑ Companies and developers may have consultants, but also tend to utilize law firms for legal advice and support
- ❑ In Sanford-Springvale please start your conversation with the Sanford Regional Economic Growth Council; staff will help you successfully navigate your way through the TIF program complexities