

OFFICE OF FISCAL AND PROGRAM REVIEW

Date: April 12, 2013
To: Members, Joint Standing Committee on Taxation
From: Elizabeth Cooper, Legislative Analyst

LD 563, An Act To Clarify Tax Increment Financing

Summary: This bill makes changes to the tax increment financing (TIF) laws to accomplish the following.

1. It amends the definition of "original assessed value" to provide that it means the taxable assessed value of a development district.
2. It eliminates the adjusted \$50,000,000 cap on bonded indebtedness for tax increment financing districts within a county and the requirement that acquisition of real and personal property financed by municipal indebtedness must be completed within 8 years of the approval of a district.
3. It clarifies the 30-tax-year permissible duration of a development program related to a tax increment financing district.
4. It expands the capital costs allowed for an eligible commercial development district and the costs allowed for skills development and training for jobs created or retained in the municipality or plantation where a development district is located and permits the use of funds for economic development grants.
5. It permits a municipality or plantation to delay the operational functioning of a tax increment financing district until the tax year following the tax year in which the district takes effect.
6. It expands from 20 years to 30 years the allowable maturation period for bonds issued by the legislative body of a municipality or plantation to finance the cost of a development program within a development district.

Public Hearing:

Proponents

- The sponsor presented the bill, provided written testimony and outlined several proposed amendments.
- Those testifying in support of the bill included: a co-sponsor, representatives of many economic development organizations, municipal economic development officials, a representative of a developer and attorneys/consultants who frequently work with Maine TIF law. (See testimony sign-in sheet on back.)
- *Major points:* would provide consistency in the statute and relates to the efficacy of economic development practice

Opposed – The fiscal administrator for the Unorganized Territory (UT) testified in opposition to the bill; expressed concern about repeal of language regarding bonded indebtedness financed by TIF proceeds, the repeal of rule-making provisions, the elimination of the 8 year construction timeline and the use of TIF in the UT regarding wind farms.

NFNA- The Department of Economic and Community Development (DECD) testified “neither for nor against’ the bill and provided a proposed amendment.

Proposed amendment: See attached draft amendment prepared by DECD.

Additional Information: See attached email and legal opinion related to bond issuance.

Fiscal Information: The preliminary fiscal impact statement was not available at the time this analysis was finalized. The most current fiscal information on bills can be found online at: www.mainelegislature.org/LawMakerWeb/search.asp.