

§5265. Tax increment financing

1. Captured assessed value. The municipality may retain all or part of the tax increment of a tax increment financing district for the purpose of financing the development program. The amount of tax increment to be retained is determined by designating the amount of captured assessed value to be retained. When a development program for a tax increment financing district is adopted, the municipal legislative body shall adopt a statement of the percentage of captured assessed value to be retained 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 shall certify the amount of the captured assessed value to the municipality each year.

[PL 1993, c. 671, §2 (NEW).]

2. Original assessed value. On or after formation of a tax increment financing district, the assessor of the municipality in which it is located shall, on request of the municipal legislative body, certify the original assessed value of the taxable property within the boundaries of the tax increment financing district. Each year, after the formation of a tax increment financing district, the municipal assessor shall certify the amount by which the assessed value has increased or decreased from the original value. The amount of any increase in the captured assessed value must be reduced by the amount of any reduction in the most current total valuation of all properties that are within the municipality but outside the development district belonging to property owners with taxable property located within the development district as compared to the assessed valuation of the same properties on March 31st of the tax year immediately preceding the designation of the development district.

[PL 1993, c. 671, §2 (NEW).]

3. Development program fund; tax increment revenues. If a municipality has elected to retain all or a percentage of the retained captured assessed value under subsection 1, the municipality:

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

(1) 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 notes, bonds or other evidences of indebtedness that were issued by the municipality or its designee to fund or refund the cost of the development program fund; and

(2) A project cost account that is pledged to and charged with the payment of project costs as outlined in the financial plan and are paid in a manner other than as described in subparagraph (1); [PL 1993, c. 671, §2 (NEW).]

B. Shall annually set aside all tax increment revenues on retained captured assessed values and deposit all such revenues to the appropriate development program fund account 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 5267 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; [PL 1993, c. 671, §2 (NEW).]

C. May make transfers between development program fund accounts as required, as long as 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 [PL 1993, c. 671, §2 (NEW).]

D. Shall annually return to the municipal general fund any tax increment revenues in excess of those estimated to be required to satisfy the obligations of the development sinking fund account. The corresponding amount of local valuation may not be included as part of the retained captured assessed value as specified by the municipality. [PL 1993, c. 671, §2 (NEW).]

[PL 1993, c. 671, §2 (NEW).]

4. Limitations. The following limitations apply.

A. Nothing in this section allows or sanctions unequal apportionment or assessment of the taxes paid on real property in the State. Taxes on real property within the tax increment financing district must be apportioned equally with property taxes on real property elsewhere in the municipality. [PL 1993, c. 671, §2 (NEW).]

B. The municipality shall expend the tax increments received for a development program only in accordance with the financing plan. These revenues may not be used to circumvent existing tax laws. [PL 1993, c. 671, §2 (NEW).]

[PL 1993, c. 671, §2 (NEW).]

SECTION HISTORY

PL 1993, c. 671, §2 (NEW).

The State of Maine claims a copyright in its codified statutes. If you intend to republish this material, we require that you include the following disclaimer in your publication:

All copyrights and other rights to statutory text are reserved by the State of Maine. The text included in this publication reflects changes made through the First Special Session of the 132nd Maine Legislature and is current through October 1, 2025. The text is subject to change without notice. It is a version that has not been officially certified by the Secretary of State. Refer to the Maine Revised Statutes Annotated and supplements for certified text.

The Office of the Revisor of Statutes also requests that you send us one copy of any statutory publication you may produce. Our goal is not to restrict publishing activity, but to keep track of who is publishing what, to identify any needless duplication and to preserve the State's copyright rights.

PLEASE NOTE: The Revisor's Office cannot perform research for or provide legal advice or interpretation of Maine law to the public. If you need legal assistance, please contact a qualified attorney.