



132nd MAINE LEGISLATURE

FIRST REGULAR SESSION-2025

Legislative Document

No. 1044

H.P. 673

House of Representatives, March 14, 2025

**An Act to Clarify the Qualifying Use of Tax Increment Financing
for Extension of a Development District**

Received by the Clerk of the House on March 12, 2025. Referred to the Committee on Taxation pursuant to Joint Rule 308.2 and ordered printed pursuant to Joint Rule 401.

A handwritten signature in cursive script that reads "Robert B. Hunt".

ROBERT B. HUNT
Clerk

Presented by Representative KUHN of Falmouth.
Cosponsored by Senator PIERCE of Cumberland and
Representatives: BRIDGEO of Augusta, DHALAC of South Portland, LEE of Auburn,
MOONEN of Portland, MURPHY of Scarborough.

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

2 **Sec. 1. 30-A MRSA §5224, sub-§2, ¶H**, as amended by PL 2023, c. 472, §1, is
3 further amended by amending subparagraph (1) to read:

4 (1) A development district that is a tax increment financing district may not exceed
5 a total of 30 tax years beginning with the tax year in which the designation of the
6 development district is effective pursuant to section 5226, subsection 3 or, if
7 specified in the development program, the subsequent tax year, except that, during
8 the 10 calendar years after ~~the general effective date of laws enacted during the~~
9 ~~First Special Session of the 131st Legislature~~ October 25, 2023, a district may be
10 extended an additional 20 years if the district uses in total at least 75% of tax
11 increment financing revenue for affordable housing projects or transit-oriented
12 development, or both. A district that is extended under this subparagraph may
13 continue to use the original assessed value of the district.

14 For purposes of this subparagraph, "affordable housing" means a decent, safe and
15 sanitary dwelling, apartment or other living accommodation for a household whose
16 income does not exceed 120% of the median income for the area as defined by the
17 United States Department of Housing and Urban Development under the United
18 States Housing Act of 1937, Public Law 75-412, 50 Stat. 888, Section 8; "transit-
19 oriented development" means a type of development that links land use with transit
20 facilities by combining housing with complementary public uses, including jobs,
21 and retail or services establishments, ~~that are located in transit-served nodes or~~
22 ~~corridors~~ rely on transit as one of the means of meeting the transportation needs of
23 residents, customers and occupants, regardless of whether the development is
24 located in a transit-oriented development district, area or corridor or a transit-
25 served node; and "original assessed value" means the taxable assessed value of a
26 district as of March 31st of the tax year preceding the year in which it was
27 designated by a municipality and approved by the commissioner under section
28 5226, subsection 2; and

29 **SUMMARY**

30 This bill clarifies that to be eligible for a 20-year extension, a tax increment financing
31 district may use the tax increment financing revenue for one or both of the permitted uses
32 of affordable housing and transit-oriented development. The bill also amends the definition
33 of "transit-oriented development" to provide that such a development does not have to be
34 located in a transit-oriented development district, area or corridor or a transit-served node.