



JANET T. MILLS
GOVERNOR

STATE OF MAINE
DEPARTMENT OF ECONOMIC
AND COMMUNITY DEVELOPMENT

MAINE.
ECONOMIC & COMMUNITY
DEVELOPMENT

HEATHER JOHNSON
COMMISSIONER

February 5, 2025

**Testimony of Maureen Terry
In opposition of LD 185
An Act to Expand Opportunities to Invest Municipal Tax Increment Financing Revenues**

Senator Grohowski, Representative Cloutier, and members of the Taxation Committee, my name is Maureen Terry, and I am the Acting Director of Legislative Affairs for the Department of Economic and Community Development. I am here today to testify in opposition to LD 185.

Tax Increment Financing is meant to be an economic development tool for economic municipal growth. Over the years, the TIF program has helped communities raise their downtown and businesses to help homeowners with offsetting their property taxes.

We have made a few allowances for special projects over time but have been very careful in not overspending on those TIF funds so the community may still allow for growth. LD 185 has the potential to use 100% of TIF funding, therefore, potentially, leaving no room for its intended purpose.

TIF is designed to incentivize economic development by capturing future tax revenues generated by new development within a designated district. By broadening the allowable uses of TIF funds, there is a real risk that these resources will be diverted away from their original purpose-direct investment in development projects that attract private investment and generate job growth.

Municipalities may increasingly rely on TIF for essential infrastructure needs rather than leveraging it to stimulate further development.

Using TIF funds for non-economic development purposes like public safety facilities and administrative offices could lead to unintended financial consequences. While these are important projects, they are typically the responsibility of the municipality and should be funded through other means, such as general property taxes or dedicated government funds. Relying on TIF revenue for these costs could divert resources from other critical public services, placing a financial burden on the community.

In conclusion, while the goal of supporting infrastructure development is important, I urge you to carefully consider whether expanding the allowable uses of TIF revenues will ultimately benefit Maine's communities or detract from the program's primary purpose: fostering economic growth. Municipalities should focus on using TIF funds to encourage private investment and job creation, rather than relying on these funds for essential but non-economic development infrastructure.

Thank you for your time, and I am happy take questions.



JANET T. MILLS
GOVERNOR

STATE OF MAINE
DEPARTMENT OF ECONOMIC
AND COMMUNITY DEVELOPMENT

MAINE.
ECONOMIC & COMMUNITY
DEVELOPMENT

HEATHER JOHNSON
COMMISSIONER