

**TESTIMONY OF
MICHAEL J. ALLEN, ASSOCIATE COMMISSIONER FOR TAX POLICY
DEPARTMENT OF ADMINISTRATIVE AND FINANCIAL SERVICES**

Before the Joint Standing Committee on Taxation
Hearing Date: *Wednesday, April 2, 2025*

LD 1044 – *“An Act to Clarify the Qualifying Use of Tax Increment Financing for
Extension of a Development District”*

Senator Grohoski, Representative Cloutier, and members of the Taxation Committee – good afternoon, my name is Michael Allen, Associate Commissioner for Tax Policy in the Department of Administrative and Financial Services. I am testifying at the request of the Administration Neither For Nor Against LD 1044, *“An Act to Clarify the Qualifying Use of Tax Increment Financing for Extension of a Development District.”*

From a technical perspective, it is unclear how it would be determined that jobs, and retail or service establishments “rely” on transit as one of the “means of meeting transportation needs.” This should be clarified.

Shifting to the Administration’s legal and statutory concerns, the bill’s amended definition of “transit-oriented development” creates a disparity between the existing definition of the same term under 30-A M.R.S. § 5222. In addition, the bill broadens eligibility for municipalities to exceed the 30-year cap for TIF districts, but does not expand eligibility for the parallel affordable housing TIF statute under 30-A M.R.S. § 5248. It is unclear whether this was the intent of the bill.

Any fiscal and administrative costs associated with the bill can be absorbed under current budgetary allotments.

In summation, the Administration is Neither For Nor Against L.D. 1044 because we concerns about the expansion in eligibility and uses of TIFs in recent years. We suggest that the committee review this bill in coordination with DECD.

The Administration looks forward to working with the Committee on the bill; representatives from MRS will be here for the Work Session to provide additional information and respond in detail to the Committee's questions.