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Testimony of the Maine Municipal Association (MMA)

In Support of
LD 185, *An Act to Expand Opportunities to Invest
Municipal Tax Increment Financing Revenues*

February 5, 2025

Senator Grohoski, Representative Cloutier and distinguished members of the Joint Standing Committee on Taxation, my name is Amanda Campbell, and I am submitting testimony in strong support of LD 185 on behalf of the Maine Municipal Association's 70-member Legislative Policy Committee (LPC).

LD 185 was drafted after municipal control of tax increment financing (TIF) revenue was established as a priority for the LPC's legislative platform. The committee thanks Representative Mastraccio and the nine additional bipartisan cosponsors for their commitment to this bill.

Current law authorizes the use of municipal TIF revenues to fund a variety of costs related to economic development, such as funding development programs; environmental improvement projects; revolving loan funds; skills development and training; child and adult care facilities; recreational trails; new or expanded transit service; fisheries and wildlife or marine resources projects; broadband and fiber optics expansion; and affordable housing and housing related programs.

Costs related to the construction or operation of municipal public safety facilities and the construction or renovation of a municipality's central administrative office are allowed but with restrictions that are not applicable to any other allowable project or authorized cost. Public safety facility costs are capped at 15% of the captured assessed value of the development district. The use of TIF revenue to invest in municipal administrative facilities is also capped at 15% of the captured assessed value of the development district, and further limited by a statutory provision allowing only 50% of those authorized costs to be funded using TIF revenue.

LD 185 would amend this section of law by removing the 50% restriction on costs related to the construction or renovation of facilities owned by the municipality used to provide local services, as well as removing the 15% cap for municipal administrative buildings and public safety facilities. This bill would also authorize renovations of municipal public safety facilities and would include municipally operated emergency shelters as public safety facilities.

Municipal buildings and the municipal officials who work in them to deliver local government services are the backbone of any economic development activity. This change would maximize the opportunities to utilize TIF revenues in ways that support the infrastructure of local government and therefore benefit the entire community. Additionally, town and city leaders, who are guided by related state statutes and plans approved by the Department of Economic and Community Development, should be trusted to make the best use of those revenues, including addressing the infrastructure that supports economic development efforts. It is in part due to local level efforts that state sales and income tax revenues are generated.

With these positive and flexible changes in mind, the LPC strongly encourages the committee to vote Ought to Pass on LD 185. Please feel free to contact any member of the LPC or the MMA Advocacy team with any questions relating to municipal operations.

Thank you for your consideration of the municipal perspective.