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April 2, 2025

Testimony of Representative Amy D. Kuhn introducing
**LD 1044, An Act to Clarify the Qualifying Use of Tax Increment Financing
for Extension of a Development District**
Before the Joint Standing Committee on Taxation

Senator Grohoski, Representative Cloutier and distinguished members of the Taxation Committee, my name is Amy Kuhn, and I proudly represent House District 111 in the town of Falmouth. It is a pleasure to be with you today to introduce **LD 1044, An Act to Clarify the Qualifying Use of Tax Increment Financing for Extension of a Development District**.

This bill offers two discrete clarifications to a bill passed in the 131st Legislature. LD 1739 allowed a tax increment financing (TIF) district to be extended an additional 20 years at the original valuation if the district uses at least 75% of TIF revenue for any combination of affordable housing or transit-oriented development. Upon implementation of the law, however, certain vagueness in the statutory language was discovered.

To correct those ambiguities, this bill clarifies two important components of the previously enacted law. First, it clarifies that transit-oriented development under this extension need not be located in the development district. This was an important part of last year's bill because it allowed development outside the TIF district that could then be connected to a growth area by transit. Second, the bill clarifies that the TIF revenue can be spent on any combination of affordable housing and/or transit, as opposed to one or the other.

On this second point, I have received the proposed language from the Department of Economic Community Development, which they believe better addresses the issue than the language proposed in the bill I submitted. The suggestion for line 10 is as follows:

“...extended an additional 20 years if the district uses **in total** at least 75% of tax increment financing revenue for affordable housing projects **and/or** transit-oriented development, **or both**...”

I appreciate the Department's input and am happy to adopt their suggestion.

It is important to recognize that both components were fully debated and adopted in the 131st Legislature's consideration of LD 1739. For example, my introductory testimony on LD 1739

includes the statement, “[t]he bill under discussion today...would allow for an extension of an additional 30 years at the original valuation so long as a majority of the funds are put towards affordable housing and/or transit-related projects,” dated May 10, 2023.

Finally, I should note that the law, as enacted, included a ten-year sunset provision. The committee arrived at this compromise to give municipalities additional tools to address Maine's urgent needs in relation to affordable housing and climate goals while not over-privileging any community benefiting from TIFs. At the end of the ten-year period, the typical TIF district duration will resume.

To summarize, the language amendments sought here simply align the implementation of this law with the Legislature’s intent. Thank you for allowing me the opportunity to present this bill to the committee.