

MAINE STATE LEGISLATURE

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ONE HUNDRED AND EIGHTH LEGISLATURE

Legislative Document

No. 1513

S. P. 436

In Senate, April 12, 1977

Referred to Committee on Taxation. Sent down for concurrence and ordered printed.

MAY M. ROSS, Secretary

Presented by Senator Pray of Penobscot.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SEVENTY-SEVEN

**AN ACT to Establish a Tax Credit to Aid Businesses Providing New Jobs
in Areas of High Unemployment.**

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

36 MRSA § 5202 is enacted to read:

§ 5202. New employment credit

1. Definition of permanent, full-time employee. "Permanent, full-time employee" is an employee who is hired to work at least 32 hours per week and at least 1,600 hours a year for the corporation hiring him.

2. Credit eligibility. Any corporation which has increased the number of its permanent, full-time employees during the previous calendar year in a municipality designated by the Commissioner of Manpower Affairs or his designee as being a municipality averaging 7% or greater unemployment during the previous calendar year, or in an unorganized territory contiguous to this type of municipality, shall be entitled to a tax credit for 3 consecutive years against the corporate income tax otherwise payable under this chapter. The credit for each of the 3 years shall equal 1% of the wages paid those new permanent, full-time employees during each previous calendar year. The State Tax Assessor shall require corporations claiming this credit to submit appropriate documentation supporting all claimed credits.

3. Termination. No corporation shall be eligible for an additional tax credit under this section after January 1, 1983, but all tax credits which are continuations of previous eligibility under this section shall be permitted to continue in accordance with subsection 2.

STATEMENT OF FACT

This bill provides for a new employment tax credit against the corporate income tax. This credit consists of a sum equal to 1% of all wages paid by an eligible corporation to workers which it has hired during the previous year. A corporation is eligible if the workers are employed in a municipality having an unemployment rate of 7% or greater.

The tax credit established by this bill will be permitted to run for 3 years.

No corporation will be eligible for new tax credits under this bill after January 1, 1983.