

# MAINE STATE LEGISLATURE

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(Governor's)  
FIRST REGULAR SESSION

ONE HUNDRED AND THIRTEENTH LEGISLATURE

Legislative Document

NO. 1512

H.P. 1116 House of Representatives, May 11, 1987  
Reference to the Committee on Economic Development  
suggested and ordered printed.

EDWIN H. PERT, Clerk  
Presented by Representative BAILEY of Farmington.  
Cosponsored by Representative MICHAUD of East  
Millinocket, Senators DUTREMBLE of York and COLLINS of  
Aroostook.

STATE OF MAINE

IN THE YEAR OF OUR LORD  
NINETEEN HUNDRED AND EIGHTY-SEVEN

AN ACT to Create Job Opportunity Zones.

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

Sec. 1. 5 MRSA c. 403 is enacted to read:

CHAPTER 403

JOB OPPORTUNITY ZONES

§15130. Findings

The creation of job opportunities for Maine citizens is one of the highest priorities to maintain a healthy and balanced economy. Certain parts of the State do not enjoy the same level of economic devel-

1 opment as other areas. Differences in geographical  
2 location, variations in the amount of natural or  
3 built resources and population, among other factors,  
4 have an impact on the ability of these areas to com-  
5 pete in a global economy and expand job opportuni-  
6 ties.

7 Recognizing the need to assist certain areas of  
8 the State to address this economic disparity, it is  
9 appropriate to establish a program of economic devel-  
10 opment incentives targeted to areas of the State  
11 which are not sharing in the economic growth or job  
12 opportunities associated with that growth.

13 The responsibility for enhancing the development  
14 potential of any area must be a partnership between  
15 the locality and the State to create a local strate-  
16 gy, build capacity, improve infrastructure and ser-  
17 vices, identify and provide appropriate development  
18 incentives and effectively market and promote the  
19 community.

20 §15131. Purpose

21 Job opportunity zones are created to enhance the  
22 partnership between the State and areas which are  
23 found to be economically distressed or impacted by  
24 sudden or severe dislocation of the economy. By  
25 targeting state and local resources and selected in-  
26 centives, within the context of a local economic de-  
27 velopment strategy, job opportunity zones can be an  
28 effective tool to encourage balanced economic growth.

29 §15132. Definitions

30 As used in this chapter, unless the context oth-  
31 erwise indicates, the following terms have the fol-  
32 lowing meanings.

33 1. Director. "Director" means the Director of  
34 the State Development Office.

35 2. Office. "Office" means the State Development  
36 Office.

37 3. Zone. "Zone" means a job opportunity zone.

1     §15133. Designation of job opportunity zones

2             The director may establish 4 demonstration zones  
3 in economically distressed areas of the State as a  
4 means of determining the effectiveness of such zones  
5 as a tool for stimulating economic growth and devel-  
6 opment.

7             1. Standards for zones. The director, by rules  
8 adopted in accordance with the Maine Administrative  
9 Procedure Act, Title 5, chapter 375, shall establish  
10 standards for the selection of areas to be designated  
11 as zones. At a minimum, the director shall apply the  
12 following standards.

13             A. All zones shall be economically distressed  
14 areas as determined by the director. At a mini-  
15 imum, the definition of distress shall include an  
16 unemployment rate, in the areas to be designated,  
17 of at least 1.5 times greater than the unemploy-  
18 ment rate for the State, as reported by the De-  
19 partment of Labor or wherein the per capita in-  
20 come in the area to be designated is less than  
21 80% of the per capita income of the State, where  
22 there is a significant decline in the population  
23 or where there is a significant decline in the  
24 labor force as reported by the Department of La-  
25 bor.

26             B. All areas wishing to be designated as zones  
27 will demonstrate local capacity for economic de-  
28 velopment, including an active local economic de-  
29 velopment organization and a comprehensive local  
30 economic development strategy.

31             C. At least one zone shall be a sudden or se-  
32 verely economically distressed area which has ex-  
33 perienced significant layoffs.

34             D. At least one zone shall be an urban zone,  
35 comprising all or part of a municipality with a  
36 population greater than 10,000.

37             E. At least one zone shall be a rural zone, com-  
38 prising a municipality of a collection of contig-  
39 uous municipalities, no one zone having a popula-  
40 tion greater than 10,000.

1 F. At least one zone shall be designated as a  
2 response to proposed economic development which  
3 will ensure the retention or creation, or both,  
4 of job opportunities through the location or ex-  
5 ansion of an industry.

6 2. Duties and responsibilities of director. The  
7 director shall designate at least 2 of the zones  
8 within the fiscal year in which this chapter becomes  
9 effective.

10 3. Life of zones. Zones shall be effective for  
11 10 years from their designation by the director.

12 4. Review of program; report to Governor and  
13 Legislature. The director shall review and evaluate  
14 the operation of these demonstration zones. The di-  
15 rector shall report his findings and recommendations  
16 for zones to the Governor and Legislature no later  
17 than February 1st of each first regular session of  
18 the Legislature.

19 §15134. Assistance to job opportunity zones

20 1. Assistance. The office shall assist zones by:

21 A. Giving priority status in the allocation of  
22 available resources as a part of the community  
23 industrial buildings program;

24 B. Upon request, providing appropriate technical  
25 assistance to firms and industries locating with-  
26 in zones with respect to the completion of appli-  
27 cations for state licenses and permits;

28 C. Providing technical assistance to local and  
29 regional economic and community development agen-  
30 cies serving the zone in determining approaches  
31 and identifying resources which may promote eco-  
32 nomical growth;

33 D. Focusing technical assistance and marketing  
34 resources to support the business retention, ex-  
35 ansion and recruitment activities within the  
36 zone; and

1           E. Developing and implementing a grants program  
2           for projects within the zones, utilizing such  
3           money as may be appropriated by the Legislature  
4           for the purpose of encouraging economic develop-  
5           ment within job opportunity zones. Eligible ac-  
6           tivities may include, but not be limited to, pub-  
7           lic improvements and facilities, infrastructure  
8           development, education and training activities,  
9           construction or renovation of properties to be  
10           sold or leased to businesses or a nonlapsing re-  
11           volving fund which may be loaned to businesses  
12           within the zone.

13           2. State Planning Office. The State Planning Of-  
14           ice shall assist zones by:

15           A. Giving priority status to community develop-  
16           ment block grant project applications submitted  
17           for eligible projects and activities within the  
18           zone to the extent allowable under federal law.

19           3. Department of Transportation. The Department  
20           of Transportation shall assist zones by:

21           A. Giving priority status to requests for funds  
22           for planning and implementation of eligible  
23           projects and activities within the zone.

24           4. Department of Labor, Department of Education-  
25           al and Cultural Services and the Maine Vocational-  
26           Technical Institute System. The Department of Labor,  
27           Department of Educational and Cultural Services and  
28           the Maine Vocational-Technical Institute System shall  
29           assist zones by:

30           A. Giving priority status to requests for funds  
31           for training and educational projects and activi-  
32           ties within the zone; and

33           B. Giving priority status in the allocation of  
34           resources for demonstration projects in training  
35           and education within the zone.

36           5. Application. Application for designation of  
37           municipal development districts within zones shall be  
38           exempt from the limitations on tax increment financ-  
39           ing as stipulated in Title 30, section 4863, subsec-

1 tion 1, paragraph C, subparagraph (1). To that end,  
2 municipal development district activities shall not  
3 affect or be affected by limitations or activities  
4 within the county in which the zone is located.

5 6. Businesses within zone. Businesses within the  
6 zones shall be eligible to receive direct grants of  
7 up to \$1,250 for each new full-time job created, for  
8 a maximum of 200 jobs in all zones per year utilizing  
9 such money as may be appropriated by the Legislature  
10 for the purpose of encouraging economic development  
11 with job opportunity zones. Businesses shall be eli-  
12 gible to receive these grants for a period of 2 years  
13 from the designation of the zone. Grants shall be  
14 allocated to eligible businesses within zones accord-  
15 ing to procedures established by the office, such  
16 grants not to exceed a total of \$250,000 for all  
17 businesses within the zones in a given year.

18 Sec. 2. 36 MRSA §5217 is enacted to read:

19 §5217. Credit for equity investment in job opportu-  
20 nity zones

21 1. Credit. A resident individual, resident es-  
22 tate or trust or taxable corporation is entitled to a  
23 credit against the tax otherwise due under this Part  
24 equal to 50% of the amount of the investment in a  
25 business operating within a job opportunity zone as  
26 designated according to Title 5, chapter 403. Twenty  
27 percent of the credit shall be taken in the taxable  
28 year of the investment and 20% in each of the next 4  
29 taxable years. The credit allowed under this section  
30 shall be available to a resident individual, resident  
31 estate or trust or taxable corporation to a maximum  
32 of \$50,000 for each business investment. The invest-  
33 ment allowed under this section shall be available to  
34 a maximum of \$500,000 annually and shall be distrib-  
35 uted among the job opportunity zones according to  
36 procedures established by the State Development Of-  
37 fice.

38 2. Limitations. The tax credit shall be appli-  
39 cable with the following limitations.

40 A. The amount of credit allowed under this sec-  
41 tion for any one taxable year shall not exceed

1 50% of the tax imposed on the taxpayer for that  
2 taxable year before application for credit.

3 B. Application for the tax credit must be made  
4 within 2 years from the designation of the job  
5 opportunity zone.

6 3. Carry-forward. Credits not taken in accord-  
7 ance with the timetable in subsection 1 because of  
8 the limitation in subsection 2 may be claimed in any  
9 of the 4 taxable years following the year of limita-  
10 tion, provided that the limitation of subsection 2  
11 shall also apply to the carry-forward years.

12 4. Recapture. If the taxpayer sells or other-  
13 wise transfers the investment within 6 years after  
14 the date on which the taxpayer made the investment in  
15 a transaction which gives rise to gain or loss for  
16 federal income tax purposes, the tax imposed under  
17 this Part for the taxable year in which the disposi-  
18 tion occurs shall be increased by an amount equal to  
19 the amount allowed as a credit in the year of dispo-  
20 sition and all prior years.

21 STATEMENT OF FACT

22 This bill authorizes the creation of 4 demonstra-  
23 tion job opportunity zones to be designated and ad-  
24 ministered by the State Development Office. Job op-  
25 portunity zones are areas of the State which are eco-  
26 nomically distressed and are designated to receive  
27 targeted resources, as well as providing additional  
28 incentives to businesses to create new employment op-  
29 portunities.

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