

MAINE STATE LEGISLATURE

The following document is provided by the
LAW AND LEGISLATIVE DIGITAL LIBRARY
at the Maine State Law and Legislative Reference Library
<http://legislature.maine.gov/lawlib>



Reproduced from scanned originals with text recognition applied
(searchable text may contain some errors and/or omissions)

1
2

3
4
5
6

7
8
9
10

11
12

13

14
15
16

17

18

19

20

21
22
23
24
25
26
27
28
29
30

31
32
33
34

L.D. 1790
(Filing No. H- 286)

STATE OF MAINE
HOUSE OF REPRESENTATIVES
113TH LEGISLATURE
FIRST REGULAR SESSION

HOUSE AMENDMENT "A" to H.P. 1312, L.D. 1790,
Bill, "AN ACT to Delineate Areas of Economic Distress
and to Create Job Opportunity Zones to Alleviate Dis-
tress."

Amend the Bill by striking out all of the title
and inserting in its place the following:

'AN ACT to Create Job Opportunity Zones.'

Further amend the Bill by striking out everything
after the enacting clause and inserting in its place
the following:

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

CHAPTER 403

JOB OPPORTUNITY ZONES

§15130. Findings

The creation of job opportunities for Maine citi-
zens 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-
opment as other areas. Differences in geographical
location, variations in the amount of natural or
built resources and population, among other factors,
have an impact on the ability of these areas to com-
pete in a global economy and expand job opportuni-
ties.

Recognizing the need to assist certain areas of
the State to address this economic disparity, it is
appropriate to establish a program of economic devel-
opment incentives targeted to areas of the State

HOUSE AMENDMENT "A" to H.P. 1312, L.D. 1790

1 which are not sharing in the economic growth or job
2 opportunities associated with that growth.

3 The responsibility for enhancing the development
4 potential of any area must be a partnership between
5 the locality and the State to create a local strate-
6 gy, build capacity, improve infrastructure and ser-
7 vices, identify and provide appropriate development
8 incentives and effectively market and promote the
9 community.

10 §15131. Purpose

11 Job opportunity zones are created to enhance the
12 partnership between the State and areas which are
13 found to be economically distressed or impacted by
14 sudden or severe dislocation of the economy. By
15 targeting state and local resources and selected in-
16 centives, within the context of a local economic de-
17 velopment strategy, job opportunity zones can be an
18 effective tool to encourage balanced economic growth.

19 §15132. Definitions

20 As used in this chapter, unless the context oth-
21 erwise indicates, the following terms have the fol-
22 lowing meanings.

23 1. Director. "Director" means the Director of
24 the State Development Office.

25 2. Office. "Office" means the State Development
26 Office.

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

28 §15133. Designation of job opportunity zones

29 The director may establish 4 demonstration zones
30 in economically distressed areas of the State as a
31 means of determining the effectiveness of such zones
32 as a tool for stimulating economic growth and devel-

HOUSE AMENDMENT "A" to H.P. 1312, L.D. 1790

1 opment.

2 1. Standards for zones. The director, by rules
3 adopted in accordance with the Maine Administrative
4 Procedure Act, Title 5, chapter 375, shall establish
5 standards for the selection of areas to be designated
6 as zones. The director shall form an advisory commit-
7 tee to consist of, at a minimum, representatives of
8 locally elected officials, economic development prac-
9 titioners and business persons. In addition, the
10 Speaker of the House shall appoint one member from
11 the House of Representatives and the President of the
12 Senate shall appoint one member from the Senate to
13 serve on the committee for a term that coincides with
14 the term to which the appointed members have been
15 elected. The committee shall assist the office in
16 the preparation of rules for the selection of zones
17 and the provisions of assistance within those zones.
18 At a minimum, the director shall apply the following
19 standards.

20 A. All zones shall be economically distressed
21 areas as determined by the director. At a mini-
22 imum, the definition of distress shall include ar-
23 eaes where: The unemployment rate is at least 1.5
24 times greater than the unemployment rate for the
25 State, as reported by the Department of Labor;
26 the per capita income is less than 80% of the per
27 capita income of the State; there is a signifi-
28 cant decline in the population; or there is a
29 significant decline in the labor force as re-
30 ported by the Department of Labor.

31 B. All areas wishing to be designated as zones
32 will demonstrate local capacity for economic de-
33 velopment.

34 C. At least one zone shall be a sudden or se-
35 verely economically distressed area which has ex-
36 perienced significant layoffs.

37 D. At least one zone shall be an urban zone,

HOUSE AMENDMENT "A" to H.P. 1312, L.D. 1790

1 comprising all or part of a municipality, or a
2 collection of municipalities within the same geo-
3 graphical area, at least one of which has a popu-
4 lation greater than 10,000.

5 E. At least one zone shall be a rural zone, com-
6 prising a municipality or collection of munici-
7 palities within the same geographical area, no
8 one of which shall have a population greater than
9 10,000.

10 F. At least one zone shall be designated as a
11 response to proposed economic development which
12 will ensure the retention or creation of job op-
13 portunities through the location or expansion of
14 an industry.

15 2. Duties and responsibilities of director. The
16 director shall designate no more than 2 of the zones
17 within the fiscal year in which this chapter becomes
18 effective. The director, to the fullest extent pos-
19 sible, shall inform communities eligible for designa-
20 tion about the program, providing technical assist-
21 ance where necessary to communities interested in
22 pursuing this designation.

23 3. Life of zones. Zones shall be effective for
24 10 years from their designation by the director.

25 4. Review of program; report to Governor and
26 Legislature. The director shall review and evaluate
27 the operation of these demonstration zones. The di-
28 rector shall indicate the number and quality of jobs
29 created or retained within the zone, accompanied by
30 an analysis of related economic and community devel-
31 opment activity within the zone which is related to
32 the designation as a zone. The director shall report
33 his findings and recommendations for the extension,
34 expansion or elimination of the Job Opportunity Zone
35 Program to the Governor and Legislature no later than
36 February 1st of each first regular session of the
37 Legislature.

HOUSE AMENDMENT "A" to H.P. 1312, L.D. 1790

1 §15134. Assistance to job opportunity zones

2 Agencies of State Government shall cooperate to
3 assess the needs of zones and provide appropriate as-
4 sistance to these zones. There shall be a committee
5 composed of, at a minimum, the Director of the State
6 Development Office, Director of the State Planning
7 Office, Commissioner of Transportation, Commissioner
8 of Labor, Commissioner of Educational and Cultural
9 Services, Executive Director of the Maine Vocational-
10 Technical Institute System and the Chief Executive
11 Officer of the Finance Authority of Maine.

12 In special circumstances where it is deemed crit-
13 ical to meeting zone objectives, the director is au-
14 thorized to extend zone benefits to a business in a
15 contiguous community.

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

17 A. Providing planning, technical assistance and
18 resources to municipalities and regional develop-
19 ment organizations serving the zone in order to
20 assist in setting goals and priorities, determin-
21 ing approaches and identifying resources which
22 may promote economic growth;

23 B. Giving priority status in the allocation of
24 available resources as a part of the community
25 industrial buildings program;

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

30 D. Focusing technical assistance and marketing
31 resources to support the business retention, ex-
32 pansion and recruitment activities within the
33 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 Maine Vocational-Tech-
26 nical Institute System. The Department of Labor, De-
27 partment of Educational and Cultural Services and the
28 Maine Vocational-Technical Institute System shall as-
29 ist 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.

HOUSE AMENDMENT "A" to H.P. 1312, L.D. 1790

1 5. Application. Application for designation of
2 municipal development districts within zones shall be
3 exempt from the limitations on tax increment financ-
4 ing as stipulated in Title 30, section 4863, subsec-
5 tion 1, paragraph C, subparagraph (1). To that end,
6 municipal development district activities shall not
7 affect or be affected by limitations or activities
8 within the county in which the zone is located.

9 6. Businesses within zones. Businesses within
10 the zones shall be eligible to receive direct grants
11 of up to \$1,250 for each new full-time quality job
12 created which contributes to the export base of the
13 community, for a maximum of 200 jobs in all zones per
14 year, utilizing such money as may be appropriated by
15 the Legislature for the purpose of encouraging eco-
16 nommic development within zones. Businesses shall be
17 eligible to receive these grants for a period of 2
18 years from the designation of the zone. Grants shall
19 be allocated to eligible businesses within zones ac-
20 ording to procedures established by the office, such
21 grants not to exceed a total of \$250,000 for all
22 businesses within the zones in a given year. The di-
23 rector, by rules adopted in accordance with the Maine
24 Administrative Procedure Act, Title 5, chapter 375,
25 shall establish the definition for a quality job and
26 the means for determining the amount of grant based
27 on the quality of the job created and its impact upon
28 target populations within the zone. Such a defini-
29 tion of a quality job should include, but not be lim-
30 ited to, provisions related to vacation, sick leave
31 and medical insurance, and an average wage relative
32 to the median for the labor market area, as defined
33 by the Department of Labor. For purposes of this
34 subsection, a job which contributes to the export
35 base of the community means that at least 50% of the
36 goods or services produced are sold outside the labor
37 market area, as defined by the Department of Labor,
38 in which the zone is located, unless the business is
39 a supplier whose primary market is another business
40 within the labor market area.

1 Sec. 2. 36 MRSa §5217 is enacted to read:

2 §5217. Credit for equity investment in job opportu-
3 nity zones

4 1. Credit. A resident individual, resident es-
5 tate or trust or taxable corporation is entitled to a
6 credit against the tax otherwise due under this Part
7 equal to 50% of the amount of the investment in a
8 business contributing to the export base of the com-
9 munity, as defined in Title 5, section 15134, subsec-
10 tion 6, operating within a job opportunity zone as
11 designated according to Title 5, chapter 403. Twenty
12 percent of the credit shall be taken in the taxable
13 year of the investment and 20% in each of the next 4
14 taxable years. The credit allowed under this section
15 shall be available to a resident individual, resident
16 estate or trust or taxable corporation to a maximum
17 of \$50,000 for each business investment. The invest-
18 ment allowed under this section shall be available to
19 a maximum of \$500,000 annually and shall be distrib-
20 uted among the job opportunity zones according to
21 procedures established by the State Development Of-
22 fice.

23 2. Limitations. The tax credit shall be appli-
24 cable with the following limitations.

25 A. The amount of credit allowed under this sec-
26 tion for any one taxable year shall not exceed
27 50% of the tax imposed on the taxpayer for that
28 taxable year before application for credit.

29 B. Application for the tax credit shall be made
30 within 2 years of the designation of the job op-
31 portunity zone.

32 C. The State Tax Assessor shall certify the eli-
33 gibility of recipients for tax investment credits
34 pursuant to this chapter.

HOUSE AMENDMENT "A" to H.P. 1312, L.D. 1790

1	Personal Services	\$ 880	\$ 880
2	All Other	800	800
3			
4	Total	<u>\$1,680</u>	<u>\$1,680</u>

5 Provides funds for
 6 per diem and ex-
 7 penses of Legisla-
 8 tors appointed to
 9 the advisory commit-
 10 tee.

11 **Sec. 4. Allocation.** The following funds are al-
 12 located from Other Special Revenue Funds to carry out
 13 the purposes of this Act.

14		<u>1987-88</u>	<u>1988-89</u>
15	<u>TREASURY DEPARTMENT</u>		
16	State-Municipal		
17	Revenue Sharing		
18	All Other	(\$2,550)	(\$5,100)

19 FISCAL NOTE

20 This new draft will have the following effect on
 21 revenue:

22		<u>1987-88</u>	<u>1988-89</u>
23	General Fund	(\$47,450)	(\$94,900)
24	Local Government Fund	(\$2,550)	(\$5,100)

