

# MAINE STATE LEGISLATURE

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# 116th MAINE LEGISLATURE

## FIRST REGULAR SESSION-1993

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Legislative Document

No. 706

H.P. 522

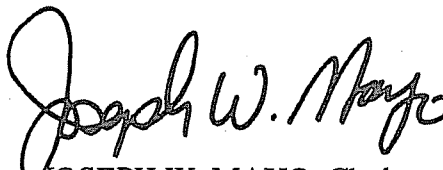
House of Representatives, February 25, 1993

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**An Act to Require Job Impact Statements and Cost Benefit Analyses for  
Business Tax Incentives.**

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Reference to the Committee on Taxation suggested and ordered printed.

  
JOSEPH W. MAYO, Clerk

Presented by Representative TREAT of Gardiner.  
Cosponsored by Representative FARNSWORTH of Hallowell, Senator McCORMICK of  
Kennebec and  
Representatives: ADAMS of Portland, BOWERS of Washington, COLES of Harpswell,  
GOULD of Greenville, HOGLUND of Portland, KONTOS of Windham, RAND of Portland,  
WENTWORTH of Arundel, Senators: CLEVELAND of Androscoggin, PINGREE of Knox.

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

2  
4       Sec. 1. 36 MRSA §199, sub-§1, ¶D-1 is enacted to read:

6       D-1. For those tax expenditures whose purpose under  
8       paragraph A is related to economic development, an analysis  
10       of the benefits of the tax expenditure compared to the costs  
12       to the State of providing that tax expenditure.  
14       Specifically, the analysis must contain a discussion, broken  
16       down by gender, of:

18               (1) The number of jobs created or retained because of  
20               the tax expenditure;

22               (2) The effect of the tax expenditure on average wage  
24               levels and benefits paid in jobs attributable to the  
26               tax expenditure; and

28               (3) The tax revenues directly attributable to the tax  
30               expenditure.

32       In assessing the potential under subparagraph (1) for the  
34       number of jobs created or retained because of the tax  
36       expenditure, the committee shall make calculations necessary  
38       to establish the jobs created or retained attributable to  
40       the tax expenditure and remove from the total those jobs  
42       that may have shifted from other locations;

44       Sec. 2. 36 MRSA §199, sub-§1, ¶E, as enacted by PL 1985, c.  
46       430, §3, is amended to read:

48       E. A recommendation of the committee as to the amendment,  
50       repeal, replacement or retention of the tax expenditure or  
any other matters relating to the provisions subject to  
review. The committee shall recommend for repeal any tax  
expenditure reviewed under paragraph D-1 if the economic  
benefits of the tax expenditure, measured as the wages and  
benefits of any jobs created and tax revenues directly  
attributable to the tax expenditure, do not exceed the costs  
of providing the tax expenditure as measured by foregone  
revenues; and

#### STATEMENT OF FACT

This bill would require the Joint Standing Committee on  
Taxation to review and analyze the economic benefits of tax  
exemptions for business purposes. Any exemption that does not  
give benefits that exceed the costs of providing the tax  
exemption must be recommended for repeal.