

# MAINE STATE LEGISLATURE

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# 116th MAINE LEGISLATURE

## FIRST REGULAR SESSION-1993

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Legislative Document

No. 962

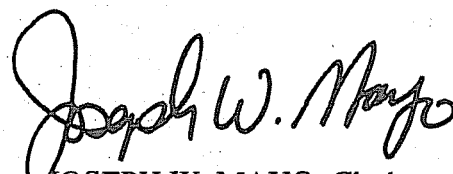
H.P. 711

House of Representatives, March 22, 1993

**An Act to Establish a Job Creation and Retention Tax Credit.**

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Reference to the Committee on Taxation suggested and ordered printed.

  
JOSEPH W. MAYO, Clerk

Presented by Representative ZIRNKILTON of Mount Desert.  
Cosponsored by Representative CLUKEY of Houlton, Senator CIANCHETTE of Somerset and  
Representative: CAMPBELL of Holden.

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

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Sec. 1. 36 MRSA §5219-I is enacted to read:

§5219-I. New jobs credit

1. Definitions. As used in this section, unless the context otherwise indicates, the following terms have the following meanings.

A. Employing unit. "Employing unit" has the same meaning as in Title 26, section 1043, subsection 10.

B. New jobs credit base. "New jobs credit base" means an amount equal to the greater of:

(1) The wages paid by the taxpayer during the calendar year prior to the calendar year ending during or with the taxable year; or

(2) The average annual wages paid by the taxpayer during the 3 calendar years prior to the calendar year ending during or with the taxable year, adjusted to compensate for statutory changes to the amount of wages subject to contribution under Title 26, section 1221.

Following a taxable year in which a particular new jobs credit base is used to compute a new jobs equivalent resulting in a credit, the new jobs credit base remains at that amount for the next 2 taxable years. For the 3rd taxable year the new jobs credit base is again computed in the previously defined manner and remains at that amount for the next 2 taxable years. In computing its new jobs credit base, a successor taxpayer shall add its own wages for the calendar year to the wages of its predecessor for the same calendar year.

C. New jobs equivalent. "New jobs equivalent" means the excess of wages for the calendar year ending during or with the taxable year over the new jobs credit base, adjusted to compensate for statutory changes to the amount of wages subject to contribution under Title 26, section 1221, divided by \$7,000 or an amount adjusted proportionally for any subsequent change in wages from \$7,000 under Title 26, section 1043, subsection 2. If the quotient is less than one, the new jobs equivalent is zero.

D. Successor taxpayer. "Successor taxpayer" means a taxpayer that has acquired within the previous 4 calendar years the organization, trade or business of another business or 50% or more of the assets of another business which that at the time of acquisition was an employing unit.

2 E. Wages. "Wages" means total wages paid during a calendar  
4 year for which a taxpayer must make contributions under  
6 Title 26, section 1221.

8 2. Credit allowed a taxpayer constituting an employing unit  
10 is allowed a credit against the tax imposed by this Part in the  
12 following amount:

14 Year 1: 50% of the average amount of tax withheld for  
16 employees pursuant to section 5250 times the new jobs  
18 equivalent;

20 Year 2: 40% of the average amount of tax withheld for  
22 employees pursuant to section 5250 times the new jobs  
24 equivalent;

26 Year 3: 30% of the average amount of tax withheld for  
28 employees pursuant to section 5250 times the new jobs  
30 equivalent;

32 Year 4: 20% of the average amount of tax withheld for  
34 employees pursuant to section 5250 times the new jobs  
36 equivalent;

Year 5: 10% of the average amount of tax withheld for  
employees pursuant to section 5250 times the new jobs  
equivalent.

**Sec. 2. Application.** This section applies to any tax year beginning on or after January 1, 1993.

**STATEMENT OF FACT**

The purpose of this bill is to create an incentive for companies to expand jobs and salaries in the State. The bill establishes a job creation and retention tax credit.