

# MAINE STATE LEGISLATURE

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DATE: 3/20/96 (Filing No. H- 799 )

**TAXATION**

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**STATE OF MAINE  
HOUSE OF REPRESENTATIVES  
117TH LEGISLATURE  
SECOND REGULAR SESSION**

COMMITTEE AMENDMENT "A" to H.P. 1266, L.D. 1741, Bill, "An Act to Enable the Loring Development Authority to Establish the Loring Job Increment Financing Fund and to Impose Term Limits on Trustees of the Authority"

Amend the bill by striking out everything after the enacting clause and before the statement of fact and inserting in its place the following:

Sec. 1. 5 MRSA §13080-B, sub-§7 is enacted to read:

7. Term limits. A person may not serve more than 2 consecutive 4-year terms as a trustee.

Sec. 2. 5 MRSA c. 383, sub-c. III, art. 1-C is enacted to read:

**ARTICLE 1-C**

**LORING JOB INCREMENT FINANCING FUND**

**§13080-O. Loring Job Increment Financing Fund**

1. Short title. This article may be known and cited as the Loring Job Increment Financing Program Act.

2. Establishment of fund. The Loring Job Increment Financing Fund is established in accordance with this article.

**§13080-P. Definitions**

As used in this article, unless the context otherwise indicates, the following terms have the following meanings.

**COMMITTEE AMENDMENT**

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COMMITTEE AMENDMENT "A" to H.P. 1266, L.D. 1741

2           1. Affiliated business. "Affiliated business" means 2  
3 businesses exhibiting either of the following relationships:

4           A. One business owns 50% or more of the stock of the other  
5 business or owns a controlling interest in the other; or

6           B. Fifty percent of the stock of each business or a  
7 controlling interest in each business is directly or  
8 indirectly owned by a common owner or owners.

9           2. Affiliated group. "Affiliated group" means a qualified  
10 business and its corresponding affiliated businesses.

11           3. Assessor. "Assessor" means the State Tax Assessor.

12           4. Authority. "Authority" means the Loring Development  
13 Authority of Maine.

14           5. Base area. "Base area" means the area within the  
15 geographic boundaries of Loring Air Force Base, as defined in  
16 section 13080-A.

17           6. Base level of employment. "Base level of employment"  
18 means the total employment in the base area as of July 1, 1996.

19           7. Employment tax increment. "Employment tax increment"  
20 means that level of state income withholding taxes attributed to  
21 employees employed within the base area, adjusted pursuant to  
22 section 13080-R.

23           8. Fund. "Fund" means the Loring Job Increment Financing  
24 Fund.

25           9. Gross employment tax increment. "Gross employment tax  
26 increment" means that level of state income withholding taxes  
27 attributed to employees employed within the base area that is  
28 greater than the base level of employment.

29           10. Successor business. "Successor business" means a  
30 business that has acquired the organization, trade or business,  
31 or 50% or more of the assets of the organization, trade or  
32 business, of another taxpayer.

33           §13080-O. Payments allowed

34           1. Fund to receive income tax revenues from job creation.  
35 Subject to the provisions of subsection 2 and section 13080-S,  
36 the fund must receive annually from the State 50% of the  
37 employment tax increment.  
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2           2. Limitations. Payments to the fund pursuant to this  
3           section are subject to the following limitations.

4           A. Revenues received under this section must be used solely  
5           to fund the costs of municipal services, including, but not  
6           limited to, water, sewer, fire protection, police  
7           protection, sanitation services and the maintenance of  
8           grounds and roads.

9           B. To the extent that revenues received by the fund are not  
10           expended for current costs of municipal services, the fund  
11           must retain the revenues to defray future costs of providing  
12           the municipal services.

13           C. State income withholding taxes derived from employment  
14           at a business within the base area are not eligible for use  
15           in the calculation of a payment to the fund if the business  
16           is eligible during the current year to receive a payment  
17           under any other program authorized by Title 36, Part 8 that  
18           is based on the amount of employer withholding taxes and the  
19           business has made or makes an election to receive that  
20           payment.

21           D. Payments made to the fund may not be made for tax years  
22           beginning on or after July 1, 2016.

23           §13080-R. Calculation of employment tax increment

24           The assessor shall calculate the employment tax increment as  
25           follows.

26           1. Adjustment for shifted revenues. The assessor shall  
27           subtract from the gross employment tax increment any revenues  
28           attributed to employment shifted from affiliated businesses to a  
29           business located within the base area. This adjustment is  
30           calculated by comparing the current year's income withholding tax  
31           revenues for businesses that are members of an affiliated group  
32           with revenues for the group as a whole. If the growth in income  
33           withholding tax revenue for any group exceeds the growth of  
34           income withholding tax revenue generated by the group's member  
35           business within the base area, the portion of the gross  
36           employment tax increment attributable to that business does not  
37           have to be adjusted to remove employment shifted from affiliated  
38           businesses. If the growth in income withholding tax revenue for  
39           any group is less than the growth in income withholding tax  
40           revenue for that group's member business within the base area,  
41           the difference is presumed to have been shifted from affiliated  
42           businesses to the base area and the portion of the gross  
43           employment tax increment attributable to that business does not  
44           have to be adjusted to remove employment shifted from affiliated  
45           businesses. If the growth in income withholding tax revenue for  
46           any group is less than the growth in income withholding tax  
47           revenue for that group's member business within the base area,  
48           the difference is presumed to have been shifted from affiliated  
          businesses to the base area and the portion of the gross

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employment tax increment attributable to that business is reduced by the difference.

2. Adjustment based on percentage change in withholding taxes for all business in State. The assessor shall adjust the calculation of the employment tax increment by subtracting from the gross employment tax increment a figure obtained by multiplying the previous year's total amount of income taxes withheld within the base area by the percentage change in withholding taxes for all business within the State as a whole.

3. Adjustment for successor business. The assessor shall further adjust the calculation of the employment tax increment, for any business that is a successor business, by subtracting from the gross employment tax increment any income tax withholding revenues attributable to a business acquired by the successor business after July 1, 1994.

§13080-S. Information to be provided to the assessor; approval of payment

1. Certification by authority. The authority shall certify annually to the assessor by September 30th of each year, beginning in 1997, the following information:

A. Employment, payroll and state withholding data necessary to calculate the base level of employment;

B. The total number of employees added during the previous year within the base area above the base level of employment, including additional associated payroll and withholding data necessary to calculate the gross employment tax increment and establish the appropriate payment to the fund;

C. A listing of all employers within the base area that pay withholding taxes, the locations of those employers and the number of employees at each location; and

D. A listing of all affiliated businesses and affiliated groups, data regarding current employment, payroll and state income withholding taxes for each affiliated business within the base area.

2. Approval of payment. Upon receipt of the information required by this section, the assessor shall review the information in a timely fashion. If the assessor determines that the requirements of this article are satisfied, the assessor shall approve payment to the fund.

3. Deposit and payment of revenue. On or before June 30th of each year, if the approval of the assessor has been issued

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pursuant to subsection 2, the Commissioner of Administrative and Financial Services shall deposit an amount equal to 50% of the employment tax increment for the preceding year into a contingent account established, maintained and administered by the Commissioner of Administrative and Financial Services. On or before July 31st of each year, the Commissioner of Administrative and Financial Services shall pay that amount to the fund.

**§13080-T. Program administration**

The assessor shall administer the Loring Job Increment Financing Program. The assessor may adopt rules pursuant to the Maine Administrative Procedure Act for implementation of the program. The assessor may also by rule establish reasonable fees, including fees payable to the assessor for obligations under this article. Any fees collected pursuant to this article must be deposited into a special revenue account administered by the assessor and these fees may be used only to defray the actual costs of administering the Loring Job Increment Financing Program.

**Sec. 3. Retroactivity.** That section of this Act that enacts the Maine Revised Statutes, Title 5, section 13080-B, subsection 7 applies retroactively to November 1, 1993.'

Further amend the bill by inserting at the end before the statement of fact the following:

**·FISCAL NOTE**

The reimbursement of a percentage of employee withholding taxes to the Loring Development Authority will decrease General Fund revenue by amounts that can not be determined at this time beginning in fiscal year 1997-98. The corresponding decreases in dedicated revenue to the Local Government Fund for state-municipal revenue sharing also can not be determined at this time.

The Bureau of Taxation will incur additional costs for a Management Analyst I position estimated at \$47,000 annually beginning in fiscal year 1997-98 to review and audit each affected withholding account. Additional General Fund appropriations will be required to fund these costs until sufficient funds from dedicated revenue accrues from fees charged by the State Tax Assessor.'

**STATEMENT OF FACT**

This amendment replaces the bill. The amendment establishes the Loring Job Increment Financing Fund and also adds a fiscal note to the bill.