MAINE STATE LEGISLATURE

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_		L.D. 1797
2	DATE: 3/20/96	(Filing No. H- 808)
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6	M A J O R I TAXATION	Т Y V
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10	Reproduced and distributed under the the House.	direction of the Clerk of
12	STATE OF MA	INF
14	HOUSE OF REPRESE 117TH LEGISLA	NTATIVES TURE
16	SECOND REGULAR	SESSION
18	COMMITTEE AMENDMENT "A" to H.P.	. 1313, L.D. 1797, Bill, "An
20	Act to Implement the Recommendations Increment Financing"	s of the Task Force on Tax
22	Amend the bill by inserting bef	ore the enecting alonge the
24	following:	ore the enacting trause the
26	'Mandate preamble. This measure	
28	units of government to expand or renecessitate additional expenditures f	
	not provide funding for at least	
30	Pursuant to the Constitution of Main	
	two thirds of all of the members	
32	determined it necessary to enact this	measure.'
34	Further amend the bill by instable following:	erting after section 2 the
36		
	'Sec. 3. 30-A MRSA §5254, sub-§5 is	s enacted to read:
38	E Carallanations for annual	. Duiza ta Assisuation a
40	5. Considerations for approva	
40	development district within the bound prior to establishing a development	-
42	development district, the legislative	
1	consider whether the proposed distri	- -
44	contribution to the economic grow	
	municipality or to the betterment	
46	safety of the inhabitants of the	municipality. Interested
	<u>parties must be given a reasonab</u>	
48	testimony concerning the proposed of	
5 0	hearing provided for in section 5253	
50	interested party claims at the publi	c hearing that the proposed

Page 1-LR3086(2)

district or program will result in a substantial detriment to

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COMMITTEE	AMENDMENT	" "	to	H.P.	1313,	L.D.	1797

	that party's existing business in the municipality and produces
2	substantial evidence to that effect, the legislative body must
	consider such evidence. When considering that evidence, the
4	legislative body also shall consider whether any adverse economic
	effect of the proposed district or plan on that interested
6	party's existing business in the municipality is outweighed by
	the contribution made by the district or plan to the economic
8	growth or well-being of the municipality or to the betterment of
	the health, welfare or safety of the inhabitants of the
10	municipality.'

Further amend the bill in section 4 in that part designated "§6753." by striking out all of subsections 10 and 11 (page 6, lines 28 to 46 in L.D.) and inserting in their place the following:

'10. Labor market unemployment rate. "Labor market unemployment rate" means the unemployment rate as published by the Department of Labor for the labor market or markets in which potential qualified employees are located and in which reimbursement is claimed under this chapter for the calendar year for which reimbursement is claimed.

11. Qualified business. "Qualified business" means any for-profit business in this State, other than a public utility as defined by Title 35-A, section 102, that adds 15 or more qualified employees above its base level of employment in this State within any 2-year period commencing on or after January 1, 1996 and that meets one of the following criteria:

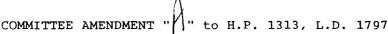
A. The business is not engaged in retail operations;

B. The business is engaged in retail operations but less than 50% of its total annual revenues from Maine-based operations are derived from sales taxable in this State; or

C. The business is engaged in retail operations and can demonstrate to the commissioner by a preponderance of the evidence that any increased sales will not include sales tax revenues derived from a transferring or shifting of retail sales from other businesses in this State.

For purposes of this subsection, "retail operations" means sales of consumer goods for household use to consumers who personally visit the business location to purchase the goods.'

Further amend the bill in section 4 in that part designated "§6754." by striking out all of subsection 1 (page 7, lines 18 to 33 in L.D.) and inserting in its place the following:



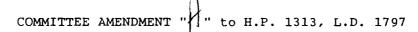
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'1. Generally. Subject to the provisions of subsection 2, a qualified business is entitled to reimbursement of state income withholding taxes withheld during the calendar year for which reimbursement is requested and attributed to qualified employees
after July 1, 1996 in the following amounts.
A. For qualified employees employed by a qualified business in state labor market areas in which the labor market unemployment rate is at or below the state unemployment rate for the calendar year for which reimbursement is requested, the reimbursement is equal to 30% of withholding taxes withheld during that year and attributed to those qualified employees.
B. For qualified employees employed by a qualified business in state labor market areas in which the labor market unemployment rate is greater than the state unemployment rate for the calendar year for which reimbursement is requested, the reimbursement is equal to 50% of withholding taxes withheld during that year and attributed to those qualified employees.
Further amend the bill in section 4 in that part designated "§6754." in subsection 2 by striking out all of paragraph E (page 8, lines 9 to 11 in L.D.) and inserting in its place the following:
'E. Employee payroll withholding amounts are limited to the standard amount required to be withheld pursuant to chapter 827 and may not include any excess withholding.'
Further amend the bill by relettering or renumbering any nonconsecutive Part letter or section number to read consecutively.
Further amend the bill by inserting at the end before the statement of fact the following:
FISCAL NOTE

The Maine Employment Tax Increment Financing Program, established in this bill, will dedicate up to 50% of the state income tax withholding revenue generated by a qualifying business for reimbursement back to that employer. This state income tax revenue would normally accrue to the General Fund and the Local Government Fund for state-municipal revenue sharing. The amounts of revenue dedicated under this bill must be generated by a project, certified by the Commissioner of Economic and Community Development, as one that would only occur as a result of this new

Page 3-LR3086(2)

COMMITTEE AMENDMENT





economic development incentive program. Furthermore, the commissioner must determine that the project will contribute to the economic well-being of the State and will not result in substantial harm to existing businesses. As a result of this certification procedure, this bill will not appreciably affect budgeted General Fund revenue and dedicated revenue to the Local Government Fund for state-municipal revenue sharing.

This bill requires municipalities to expand the public hearing process when considering applications for tax increment financing. The additional costs of this state mandate are expected to be minor but can not be precisely determined at this time. Pursuant to the Mandate Preamble, the 2/3 vote of all members elected to each House exempts the State from the constitutional requirement to fund 90% of the additional local costs.

The additional costs associated with administering the Maine Employment Tax Increment Financing Program can be absorbed by the Department of Economic and Community Development, the State Planning Office and the Department of Administrative and Financial Services utilizing existing budgeted resources.

The bill does authorize the Commissioner of Economic and Community Development to establish fees payable to the department, the State Tax Assessor and the State Planning Office for administrative purposes. No fees are currently planned to be charged for this program. If fees are charged at some point in the future, the Legislature will have to allocate the funds to authorize any expenditures of the dedicated revenue.'

STATEMENT OF FACT

This amendment makes some technical changes to the bill, adds new language that requires a municipality to consider evidence regarding potentially substantial detriment to an existing business when giving tax increment financing benefits to another business and adds a mandate preamble and a fiscal note.

Page 4-LR3086(2)