

MAINE STATE LEGISLATURE

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August 29, 1996
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117th MAINE LEGISLATURE

SECOND SPECIAL SESSION-1996

Legislative Document

No. 1894

S.P. 775

Senate, August 29, 1996

An Act to Amend the Law Concerning Tax Increment Financing.

Approved for introduction by a majority of the Legislative Council pursuant to Joint Rule 203.

Received by the Secretary of the Senate on August 29, 1996. Referred to the Committee on Taxation pursuant to Joint Rule 308.2 and ordered printed pursuant to Joint Rule 401.

A handwritten signature in cursive script that reads "May M. Ross".

MAY M. ROSS
Secretary of the Senate

Presented by Senator CAREY of Kennebec.

Under suspension of the rules, cosponsored by Representative DAGGETT of Augusta and Senators: HARRIMAN of Cumberland, MILLS of Somerset; Representatives: CAMERON of Rumford, GWADOSKY of Fairfield, JACQUES of Waterville, JOSEPH of Waterville, MAYO of Bath, MITCHELL of Vassalboro, POULIN of Oakland, REED of Falmouth, VIGUE of Winslow.

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

Sec. 1. 36 MRSA §6752, as enacted by PL 1995, c. 669, §5, is amended to read:

§6752. Program established; declaration of public purpose

The Maine Employment Tax Increment Financing Program is established to encourage the creation of net new quality jobs and the retention of existing quality jobs in this State, improve and broaden the tax base and improve the general economy of the State. The Legislature declares that the actions required to assist the implementation of development programs are a public purpose and that the execution and financing of these programs are a public purpose.

Sec. 2. 36 MRSA §6753, sub-§1, as enacted by PL 1995, c. 669, §5, is amended to read:

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

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

B. Fifty percent or more of the stock or a controlling interest is directly or indirectly owned or acquired by a common owner or owners following approval by the commissioner, whether by acquisition of substantially all of the assets, 50% or more of the stock or through a merger, consolidation or reorganization.

"Affiliated businesses" does not include a certified retained business.

Sec. 3. 36 MRSA §6753, sub-§5-A is enacted to read:

5-A. Certified retained business. "Certified retained business" means any for-profit business in this State other than a public utility as defined by Title 35-A, section 102 that meets all of the following criteria to the satisfaction of the commissioner:

A. The business is not engaged in retail operations; or, if it is engaged in retail operations, less than 50% of its total annual revenues from State-based operations are derived from sales taxable in this State or the business can demonstrate to the commissioner by a preponderance of the evidence that any increased sales will not include sales tax

2 revenues derived from a transferring or shifting of retail
3 sales from other businesses in this State; and

4 B. The commissioner determines that the business is a
5 successor to a business that would have ceased operations in
6 this State but for the acquisition of that business by the
7 applicant by any means and the applicant demonstrates to the
8 commissioner its intention to continue to operate and employ
9 qualified employees in the State.

10 Notwithstanding paragraphs A and B, the commissioner may not
11 certify a business under this subsection if the effect of that
12 certification would be to cause the aggregate reimbursement
13 pursuant to section 6754 to all businesses that are certified in
14 any single calendar year to exceed in the calendar year of
15 certification \$500,000, plus additional amounts as may be
16 appropriated by the Legislature from time to time.

17 A business that meets the criteria of this subsection must be
18 certified by the commissioner as a retained business for the
19 duration of the employment tax increment financing development
20 program.

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

24 **Sec. 4. 36 MRSA §6753, sub-§11**, as enacted by PL 1995, c. 669,
25 §5, is repealed.

26 **Sec. 5. 36 MRSA §6753, sub-§11-A** is enacted to read:

27 **11-A. Qualified business.** "Qualified business" means:

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

34 (1) The business is not engaged in retail operations;

35 (2) The business is engaged in retail operations but
36 less than 50% of its total annual revenues from
37 Maine-based operations are derived from sales taxable
38 in this State; or

39 (3) The business is engaged in retail operations and
40 can demonstrate to the commissioner by a preponderance

2 of the evidence that any increased sales will not
3 include sales tax revenues derived from a transferring
4 or shifting of retail sales from other businesses in
5 this State; or

6 B. A certified retained business.

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

10 **Sec. 6. 36 MRSA §6753, sub-§12**, as enacted by PL 1995, c. 669,
11 §5, is amended to read:

12 **12. Qualified employees.** "Qualified employees" means new,
13 full-time employees hired in this State by a qualified business
14 and, or full-time employees who are employed by a certified
15 retained business, for whom a retirement program subject to the
16 Employee Retirement Income Security Act of 1974, 29 United States
17 Code, Sections 101 to 1461, as amended, and group health
18 insurance are provided, and whose income, calculated on a
19 calendar year basis is greater than the average annual per capita
20 income in the labor market area in which the qualified employee
21 is employed and whose state income withholding taxes are subject
22 to reimbursement to the qualified business under this chapter.
23 "Qualified employees" must be residents of this State.

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SUMMARY

26 This bill includes in the Maine Employment Tax Increment
27 Financing Program certain for-profit businesses that meet
28 specified criteria.

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