

MAINE STATE LEGISLATURE

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STATE OF MAINE
HOUSE OF REPRESENTATIVES
118TH LEGISLATURE
FIRST SPECIAL SESSION

HOUSE AMENDMENT "A" to COMMITTEE AMENDMENT "A" to S.P. 641, L.D. 1863, Bill, "An Act to Encourage Major Investments in Shipbuilding Facilities and to Encourage the Preservation of Jobs"

Amend the amendment by inserting after the title the following:

'Amend the bill by striking out the title and substituting the following:

'An Act to Encourage Major Investments in Facilities and to Encourage the Preservation of Jobs'

Further amend the amendment by striking out everything after the title and before the summary and inserting in its place the following:

'Further amend the bill in section 1 by striking out all of the 3rd line (page 1, line 7 in L.D.) and inserting in its place the following:

'FACILITY INVESTMENT CREDIT'

Further amend the bill in section 1 in that part designated "\$6851." by striking out all of subsection 4 and inserting in its place the following:

'4. Exception year. "Exception year" with respect to a shipbuilding applicant means the calendar year immediately following the first calendar year in which the certified applicant has employment of less than 3,500 if the total state income taxes deducted and withheld by the certified applicant from qualified employees for the year in which the employment was

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2 less than 3,500 totals at least \$6,000,000. With respect to any
4 other applicant, "exception year" means the calendar year
6 immediately following the first calendar year in which the
8 certified applicant has employment of less than 50, as long as
10 the total state income taxes deducted and withheld by the
12 certified applicant from qualified employees for the year in
14 which the employment was less than 50 totals at least \$85,700.'

16 Further amend the bill in section 1 in that part designated
18 "~~§6851.~~" by striking out all of subsection 7 and inserting in its
20 place the following:

22 '7. Qualified applicant. "Qualified applicant" means an
24 applicant for benefits under this chapter that satisfies either
26 of the 2 following tests:

28 A. The applicant:

30 (1) Owns or operates or proposes to construct a
32 shipbuilding facility within the State;

34 (2) The applicant proposes to make a qualified
36 investment in shipbuilding;

38 (3) The applicant employs at least 5,000 qualified
40 employees at the time the application is filed; and

42 (4) The applicant does not otherwise qualify for the
44 Maine Employment Tax Increment Financing Program set
46 forth in section 6752 at the time the application is
48 filed; or

B. The applicant:

(1) Owns or operates or proposes to construct a
business facility within the State;

(2) The applicant proposes to make a qualified
investment in that business;

(3) The applicant employees at least 50 qualified
employees at the time the application is filed; and

(4) The applicant does not otherwise qualify for the
Maine Employment Tax Increment Financing Program set
forth in section 6752 at the time the application is
filed.'

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Further amend the bill in section 1 in that part designated "~~§6851.~~" by striking out all of subsection 9 and inserting in its place the following:

'9. Qualified investment. With respect to a shipbuilding applicant, "qualified investment" means expenditures incurred after October 1, 1996 totaling at least \$150,000,000 related to the construction, improvement, modernization or expansion of a shipbuilding facility within the State that results in or enables the utilization of a facility of approximately 10 acres that will enable the applicant to erect ships on a flat surface and launch them from an abutting dry dock and all expenditures that may be capitalized for federal income tax purposes, including any of the expenditures made or costs incurred under this subsection prior to the effective date of this chapter or certification of an applicant. With respect to all other applicants, "qualified investment" means expenditures incurred after October 1, 1996 totaling at least \$100,000 related to the construction, improvement, modernization or expansion of a business facility within the State that results in increased employment for that applicant. Except for those employees engaged in the design, engineering and construction of the facility, "qualified investment" does not include the salaries or other compensation paid to the employees of the qualified applicant or of any affiliate of the qualified applicant.'

Further amend the bill in section 1 in that part designated "~~§6852.~~" in subsection 4 in the 3rd line (page 3, line 35 in L.D.) by striking out the following: "~~shipbuilding~~"

Further amend the bill in section 1 in that part designated "~~§6852.~~" in subsection 4 in paragraph A in the first line (page 3, line 44 in L.D.) by striking out the following: "~~shipbuilding~~"

Further amend the bill in section 1 in that part designated "~~§6852.~~" in subsection 4 in paragraph B in the first line (page 3, line 49 in L.D.) and in the 6th line (page 4, line 4 in L.D.) by striking out the following: "~~shipbuilding~~"

Further amend the bill in section 1 in that part designated "~~§6852.~~" in subsection 4 in the blocked paragraph in the 5th line (page 4, line 17 in L.D.) by striking out the following: "~~and the~~" and inserting in its place the following: 'and, if applicable, the'

Further amend the bill in section 1 in that part designated "~~§6852.~~" by striking out all of subsection 5 and inserting in its place the following:

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2 '5. Revocation of certificate. A certificate of approval
4 must be revoked by the commissioner if the certified applicant
6 has not made the full amount of qualified investment expenditures
8 required within 5 years after issuance of the certificate of
approval. A certified applicant whose certificate of approval is
revoked shall pay to the State the amount of any credits claimed
by the certified applicant under this chapter prior to revocation
of the certificate.'

10 Further amend the bill in section 1 in that part designated
12 "~~§6853.~~" by striking out all of subsection 1 and inserting in its
place the following:

14 '1. Generally. Subject to the provisions of subsection 2
16 and notwithstanding any contrary provisions of chapter 827, a
18 certified shipbuilding applicant is allowed a credit equal to
20 \$3,000,000 for each calendar year, beginning with the 1999
22 calendar year, against the first \$3,000,000 that otherwise would
24 be required to be remitted to the State Tax Assessor by the
26 certified shipbuilding applicant pursuant to chapter 827 for
28 state income taxes deducted and withheld from wages of qualified
30 employees by the certified applicant. With respect to all other
32 certified applicants, subject to the provisions of subsection 2
34 and notwithstanding any contrary provision of chapter 827, a
36 credit equal to \$2,000 for each calendar year is allowed,
beginning with the 1999 calendar year, against the first \$2,000
that otherwise would be required to be remitted to the State Tax
Assessor by the certified applicant pursuant to chapter 827 for
state income taxes deducted and withheld from wages of qualified
employees by the certified applicant. The credit taken with
respect to withholding taxes not remitted must be reflected on
the withholding returns submitted by the certified applicant
pursuant to chapter 827 and it constitutes a credit against the
applicant's liability for and obligation to remit the withholding
tax against which the credit is taken.'

38 Further amend the bill in section 1 in that part designated
40 "~~§6853.~~" in subsection 2 in paragraph B in 3rd line (page 5, line
42 21 in L.D.) by inserting after the following: "3,500," the
following: 'or fewer than 35 employees if the applicant is not a
shipbuilding applicant,'

44 Further amend the bill in section 1 in that part designated
46 "~~§6854.~~" by striking out all of subsection 1 and inserting in its
place the following:

48 '1. Annual reporting by certified applicant. On or before
March 1st of each year a certified applicant shall file a report
with the State Tax Assessor for the immediately preceding
50 calendar year, referred to in this section as the "report year,"

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containing information relating to the employment of the certified applicant for the calendar year immediately preceding the report year and, if applicable, the number of qualified ships launched by the certified applicant from January 1, 1998 to December 31st of the report year.

The State Tax Assessor may prescribe forms for the annual reports described in this section.

FISCAL NOTE

1998-99

REVENUES

General Fund	(\$2,657,200)
Other Funds	(142,800)

This amendment adds an additional credit against employee withholding taxes for certain employers that will decrease General Fund revenue by an additional \$2,657,200 annually, beginning in fiscal year 1998-99, subject to certain eligibility requirements. The corresponding decreases in dedicated revenue to the Local Government Fund for state-municipal revenue sharing will be \$142,800 annually. This credit will also decrease General Fund revenue from interest income as soon as fiscal year 1998-99. The amounts can not be determined at this time.

To the extent that a certified applicant has a tax liability to the State in a year in which this credit is received, some portion of the revenue loss will be returned to the State in the form of income tax. This amount can not be determined at this time. The corresponding gains of revenue to the Local Government Fund also can not be determined.

SUMMARY

This amendment strikes out all of the committee amendment and expands the availability of the tax credit in the original bill so that a broader range of businesses will qualify. The original bill limits the tax credit to an applicant investing \$150,000,000 in a 10-acre shipbuilding facility in the State and authorizes the Governor to grant all or any part of the State's interest in up to 15 acres of submerged and intertidal lands on the western side of the Kennebec River south of the Carlton Bridge. This amendment grants a tax credit for businesses who employ at least 50 people and invest at least \$100,000 in their manufacturing facility to increase jobs. Relative to the required investment, the tax credit provided under the amendment

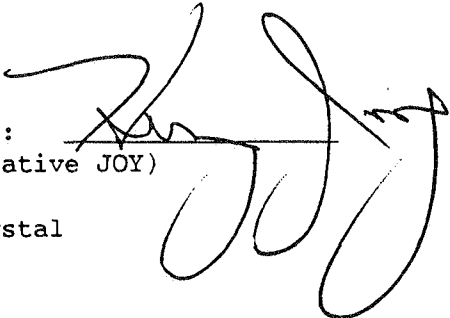
R. 013

HOUSE AMENDMENT "A" to COMMITTEE AMENDMENT "A" to S.P. 641, L.D.
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2 is proportionally the same as that provided to Bath Iron Works in
the original bill. The threshold employment level at which the
4 tax credit is suspended is proportionally the same relative to
the starting employment level as the threshold for Bath Iron
6 Works in the original bill. The amendment does not provide for
any grant of state lands other than that provided in the original
bill.

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SPONSORED BY: 
12 (Representative JOY)

12

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TOWN: Crystal

16

HOUSE AMENDMENT