

MAINE STATE LEGISLATURE

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Handwritten initials and date: "A.S.S." and "2-25-98"

L.D. 1923

DATE: 2-25-98

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TAXATION

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STATE OF MAINE
HOUSE OF REPRESENTATIVES
118TH LEGISLATURE
SECOND REGULAR SESSION

COMMITTEE AMENDMENT "A" to H.P. 1374, L.D. 1923, Bill, "An Act to Improve Employment Tax Increment Financing"

Amend the bill by inserting after the enacting clause and before section 1 the following:

'Sec. 1. 36 MRSA §6753, sub-§10, as enacted by PL 1995, c. 669, §5, is amended to read:

10. Labor market unemployment rate. "Labor market unemployment rate" means the average seasonally adjusted 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 3 most recently reported months preceding the date of application for employment tax increment financing and for the 3 most recently reported months preceding the beginning of the 6th year of an approved employment tax increment financing development program.'

Further amend the bill in section 1 in subsection 12 in the 6th line (page 1, line 11 in L.D.) by striking out the following: "average"

Further amend the bill in section 2 in paragraph A in the last 2 lines (page 1, lines 27 and 28 in L.D.) by striking out the following: "that year and attributed to those qualified employees." and inserting in its place the following: 'that-year each of the first 5 calendar years for which reimbursement is requested and attributed to those qualified employees. The percentage of reimbursement for the 6th to 10th years of the employment tax increment financing development program is

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2 established based upon the labor market unemployment rate at the
3 beginning of the 6th year.'

4 Further amend the bill in section 2 in paragraph B in the
5 last 2 lines (page 1, lines 35 and 36 in L.D.) by striking out
6 the following: "that year and attributed to those qualified
7 employees." and inserting in its place the following: '~~that-year~~
8 each of the first 5 calendar years for which reimbursement is
9 requested and attributed to those qualified employees. The
10 percentage of reimbursement for the 6th to 10th years of the
11 employment tax increment financing development program is
12 established based upon the labor market unemployment rate at the
13 beginning of the 6th year.'

14 Further amend the bill in section 3 in paragraph C in the
15 3rd line (page 1, line 42 in L.D.) by striking out the following:
16 "twice" and inserting in its place the following: '150% of'

17 Further amend the bill in section 3 in paragraph C in the
18 last line (page 1, line 45 in L.D.) by striking out the
19 following: "that year and attributed to those qualified
20 employees." and inserting in its place the following: 'each of
21 the first 5 calendar years for which reimbursement is requested
22 and attributed to those qualified employees. The percentage of
23 reimbursement for the 6th to 10th years of the employment tax
24 increment financing development program is established based upon
25 the labor market unemployment rate at the beginning of the 6th
26 year.'

27 Further amend the bill by inserting after section 3 the
28 following:

29 **'Sec. 4. 36 MRSA §6758, sub-§2, as enacted by PL 1995, c. 669,**
30 **§5, is amended to read:**

31 **2. Determination by State Tax Assessor.** On or before June
32 30th of each year, the State Tax Assessor shall determine the
33 employment tax increment of each qualified business for the
34 preceding calendar year. A qualified business may receive up to
35 50% 75% of the employment tax increment generated by that
36 business as determined by the State Tax Assessor, subject to the
37 further limitations in section 6753, subsection 2. That amount
38 is referred to as "retained employment tax increment revenues." '

39 Further amend the bill by relettering or renumbering any
40 nonconsecutive Part letter or section number to read
41 consecutively.

42

Further amend the bill by inserting at the end before the summary the following:

FISCAL NOTE

This bill will expand eligibility for employment tax increment financing. The number of additional businesses that will become eligible or remain eligible longer and the resulting reductions of General Fund revenue and dedicated revenue for state-municipal revenue sharing can not be determined at this time.

The Department of Economic and Community Development may incur some minor additional costs related to changes in administering the Maine Employment Tax Increment Financing Program. These costs can be absorbed within the department's existing budgeted resources.'

SUMMARY

This amendment makes changes to the Maine Employment Tax Increment Financing Program. It establishes that the percentage of payment is determined for the first 5 years of an employment tax increment financing development program at the time of application, and for the 2nd 5 years at the beginning of the 6th year. The amendment alters the 3rd level of payment established in the bill for projects when unemployment is extremely high.

This amendment adds language regarding the percentage of payment based upon labor market unemployment rates, stipulating that the percentage of reimbursement is established for a 5-year period based upon unemployment rates at the time of application, and for a 2nd 5-year period based upon unemployment rates at the beginning of the 6th year. Under existing law, the percentage of reimbursement on an approved employment tax increment financing development program may change from year to year as unemployment rates change and thereby have a negative impact upon the ability to finance the project.

This amendment also changes the qualification for the 75% level of payment for businesses that add 15 or more qualifying jobs to those businesses in labor market areas of the State with an unemployment rate that is greater than 150% of the state average unemployment rate.

Finally, the amendment adds a fiscal note.