

MAINE STATE LEGISLATURE

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118th MAINE LEGISLATURE

SECOND REGULAR SESSION-1997

Legislative Document

No. 1923

H.P. 1374

House of Representatives, December 9, 1997

An Act to Improve Employment Tax Increment Financing.

Submitted by the Department of Economic and Community Development pursuant to Joint Rule 204.

Received by the Clerk of the House on December 5, 1997. 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 "Joseph W. Mayo".

JOSEPH W. MAYO, Clerk

Presented by Representative VIGUE of Winslow.

Cosponsored by Representatives: FARNSWORTH of Portland, MacDOUGALL of North Berwick, SHANNON of Lewiston, Senator: MacKINNON of York.

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

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Sec. 1. 36 MRSA §6753, sub-§12, as enacted by PL 1995, c. 669, §5, is amended to read:

12. **Qualified employees.** "Qualified employees" means new, full-time employees hired in this State by a qualified business and for whom a retirement program subject to the Employee Retirement Income Security Act of 1974, 29 United States Code, Sections 101 to 1461, as amended, and group health insurance are provided, and whose average income derived from employment with the applicant, calculated on a calendar year basis is greater than the average annual per capita income in the labor market area in which the qualified employee is employed and whose state income withholding taxes are subject to reimbursement to the qualified business under this chapter. "Qualified employees" must be residents of this State.

Sec. 2. 36 MRSA §6754, sub-§1, ¶¶A and B, as enacted by PL 1995, c. 669, §5, are amended to read:

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~~ at the time of application, 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~~ at the time of application, the reimbursement is equal to 50% of withholding taxes withheld during that year and attributed to those qualified employees.

Sec. 3. 36 MRSA §6754, sub-§1, ¶C is enacted to read:

C. For qualified employees employed by a qualified business in state labor market areas in which the labor market unemployment rate is greater than twice the state unemployment rate at the time of application, the reimbursement is equal to 75% of withholding taxes withheld during that year and attributed to those qualified employees.

SUMMARY

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4 This bill makes 3 changes to the Maine Employment Tax
6 Increment Financing Program. It clarifies the income requirement
8 for qualification, clarifies that the percentage of payment is
10 established at the time of application and creates a 3rd level of
12 payment for projects where unemployment is extremely high.

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10 Current law requires that the income of each net new
12 employee be examined to determine if it will exceed the average
14 per capita income in the applicant's labor market area. This
16 change allows the wages of all net new employees to be computed
18 as an average, then calculated on an annual basis and measured
20 against average per capita income for qualification purposes.
22 Using average employee income places the business on a similar
24 footing with the qualification requirement, which is also an
26 average.

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20 This bill also clarifies language regarding the percentage
22 of payment based upon labor market unemployment rates,
24 stipulating that the percentage of reimbursement is established
26 for a 10-year period based upon unemployment rates at the time of
28 application.

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26 This bill establishes a 75% level of payment for businesses
28 that add 15 or more qualifying jobs in labor market areas of the
State where the unemployment rate is more than twice the state
average.

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