

MAINE STATE LEGISLATURE

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118th MAINE LEGISLATURE

SECOND REGULAR SESSION-1998

Legislative Document

No. 2077

H.P. 1478

House of Representatives, January 20, 1998

**An Act to Create an Economic Development and Expansion Zone in
Aroostook County.**

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

Reference to the Committee on Taxation suggested and ordered printed.

A handwritten signature in cursive script that reads "Joseph W. Mayo".

JOSEPH W. MAYO, Clerk

Presented by Representative BELANGER of Wallagrass.
Cosponsored by Senator KIEFFER of Aroostook and
Representatives: JOY of Crystal, KERR of Old Orchard Beach, KNEELAND of Easton,
MacDOUGALL of North Berwick, VIGUE of Winslow, WHEELER of Bridgewater,
Senators: CAREY of Kennebec, PARADIS of Aroostook.

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

4 Sec. 1. 36 MRSA c. 919-A is enacted to read:

6 CHAPTER 919-A

8 NORTHERN AROOSTOOK ENTERPRISE ZONE

10 §6901. Definitions

12 As used in this chapter, unless the context otherwise indicates, the following terms have the following meanings.

14 1. Approved vendor. "Approved vendor" means a harvester, grower, broker or distributor of raw material that has been approved by the board to participate in the raw material tax incentive program when certified raw material is delivered to an approved zone consumer.

20 2. Approved zone consumer. "Approved zone consumer" means a consumer of raw material that has been determined by the board to be eligible for the raw material tax incentive credit under this chapter.

26 3. Board. "Board" means the Northern Aroostook Enterprise Zone Development Board.

32 4. Certified new business. "Certified new business" means a new business within the zone that is preapproved by the board to qualify for the economic development incentives of the zone.

38 5. Certified raw material. "Certified raw material" means raw material that has been preapproved by the board under the raw material tax incentive program.

44 6. Precertification. "Precertification" means the process by which the board determines the eligibility of a new business to qualify for incentives of the zone or the process by which an existing business qualifies for the job creation tax credit program.

50 7. Raw material. "Raw material" means material that has been defined by the board as "raw material."

56 8. Zone. "Zone" means the Northern Aroostook Enterprise Zone.

62 §6902. Northern Aroostook Enterprise Zone

2 The Northern Aroostook Enterprise Zone is the area in the
3 State described as follows: starting at the western end of State
4 Route 161 in Dickey and encompassing an area of 1000 feet from
5 the center line of State Route 161 perpendicular in both
6 directions so that it consists of a strip measuring 2000 feet
7 wide centered on State Route 161; traveling in an eastward
8 direction with the center of the zone on State Route 161, with
9 the width of the zone remaining 2000 feet, to the intersection of
10 State Route 161 and U. S. Route 1 in the Town of Fort Kent. The
11 zone also includes a 2000-foot strip beginning in the
12 intersection of State Route 161 and U. S. Route 1 in the Town of
13 Fort Kent and continuing east, centered on the center line of U.
14 S. Route 1 to the western town line of the Town of Madawaska.
15 The zone also includes a 2000-foot strip that begins at the
16 intersection of State Route 161 and State Route 11 in the Town of
17 Fort Kent and continues in a southerly direction centered on the
18 center line of State Route 11 to the northern town line of the
19 Town of Ashland. The zone also includes a 2000-foot strip
20 beginning at the intersection of State Route 161 and U. S. Route
21 1 in the Town of Fort Kent, centered on State Route 161 and
22 continuing southeasterly to the northwestern boundary of the City
23 of Caribou.

24 §6903. Northern Aroostook Enterprise Zone Development Board

25 1. Members; appointment. The board consists of 9 members
26 appointed by and responsible to the Northern Maine Development
27 Corporation Executive Board. Members must be residents of the
28 zone. Members serve for terms of 3 years and may be reappointed.
29

30 2. Officers. The board shall elect from among its members
31 a chair, secretary, treasurer and any other officers the board
32 determines necessary.
33

34 3. Procedures; quorum. The board shall adopt and publish
35 rules for conducting business. It shall follow the same public
36 notice procedures as the Northern Maine Development Corporation
37 Executive Board. A quorum of a majority of the members of the
38 board is necessary in order to conduct any business.
39

40 4. Meetings. The board shall meet at least quarterly and
41 shall hold meetings within the zone.
42

43 5. Duties. The board shall:

44 A. Approve vendors;

45 B. Certify new businesses;

46 C. Certify eligible raw materials;
47
48
49
50

- 2 D. Determine what material qualifies as raw material;
- 4 E. Administer the zone leverage fund established under
 section 6909; and
- 6
- 8 F. Perform other functions necessary to accomplish the
 purposes of this chapter.

10 **§6904. Raw material credit**

12 1. Credit. An approved vendor is eligible for a
14 nonrefundable credit under Part 8 equal to 25% of the price
16 received by the vendor for certified raw material sold to an
 approved zone consumer. An approved vendor who sells raw
 material through a distributor or broker is also eligible for the
 credit.

18

20 2. Approval of vendors. The board shall adopt standards
 for approval of vendors for the raw material tax credit and
22 certify which vendors are eligible for the credit. Approval is
 for a period of time not to exceed 180 days and may be renewed.
24 The board shall by December 31st annually provide the State Tax
 Assessor with a list of approved vendors and periods of time for
 which they were approved.

26

28 3. Certification of raw material. The board shall certify
 raw material as eligible for the raw material tax credit. The
30 board shall consider the source of the raw material and shall
 give preference to raw material from the zone or an area near the
32 zone. The board may not certify raw material from outside of
 Aroostook County unless the vendor can demonstrate that the raw
 material can not be reasonably obtained within Aroostook County.

34 **§6905. Utility credit**

36

38 1. Credit. A certified new business within the zone is
 eligible for a nonrefundable credit under Part 8 equal to:

40 A. In the first year after start-up of the business, 25% of
 the utility cost;

42

44 B. In the 2nd year after the start-up of the business, 20%
 of the utility cost;

46 C. In the 3rd year after the start-up of the business, 15%
 of the utility cost;

48

50 D. In the 4th year after the start-up of the business, 10%
 of the utility cost; and

2 E. In the 5th year after the start-up of the business, 5%
3 of the utility cost.

4 2. Eligible utility costs. Utility costs that may be used
5 to calculate the credit under this section include heating fuel,
6 electricity and metered water and sewer costs.

7 3. Certification of new business. The board shall certify
8 to the State Tax Assessor which businesses qualify as new
9 businesses in the zone.

10 **§6906. Job creation credit**

11 1. Credit. A certified new or precertified existing
12 business that creates jobs within the zone is eligible for a
13 nonrefundable credit under Part 8 for the creation of new jobs as
14 provided in this section.

15 2. Certification. The board shall certify to the State Tax
16 Assessor which businesses qualify for the credit and the number
17 of new full-time and part-time jobs created by the business
18 within the zone that are filled positions at the end of the tax
19 year. The total number of new jobs is calculated by dividing by
20 1080 the total number of hours paid for new jobs during the year.

21 3. Amount of credit. The amount of the credit is
22 determined according to the average quarterly unemployment rates
23 for the region where the business is located as published by the
24 Department of Labor.

25 A. The credit for each eligible full-time position is
26 determined as follows. If the region average unemployment
27 rate exceeds the state average:

28 (1) By 2% or more, the credit is \$4,500;

29 (2) By 1.5% up to 2%, the credit is \$4,000;

30 (3) By 1% up to 1.5%, the credit is \$3,500;

31 (4) By 0.5% up to 1%, the credit is \$3,000; or

32 (5) By 0% up to 0.5%, the credit is \$2,500.

33 B. The credit for each eligible part-time position is
34 determined as follows. If the region average unemployment
35 rate exceeds the state average:

36 (1) By 2% or more, the credit is \$3,500;

- 2 (2) By 1.5% up to 2%, the credit is \$3,000;
4 (3) By 1% up to 1.5%, the credit is \$2,500;
6 (4) By 0.5% up to 1%, the credit is \$2,000; or
8 (5) By 0% up to 0.5%, the credit is \$1,500.

10 **§6907. Repayment**

12 If a taxpayer receiving benefits under this chapter ceases
14 operation or transfers ownership, the taxpayer shall pay to the
16 State a percentage of the benefits received. If the taxpayer
18 ceases operation or transfers ownership:

- 20 A. Within the first 12 months after start-up, the taxpayer
22 shall repay 90%;
24 B. Within 12 to 24 months after start-up, the taxpayer
26 shall repay 75%;
28 C. Within 24 to 36 months after start-up, the taxpayer
30 shall repay 50%; and
32 D. Within 36 to 60 months after start-up, the taxpayer
34 shall repay 25%.

36 **§6908. Zone leverage fund**

38 1. Fund. The board shall establish a zone leverage fund
40 for the purpose of encouraging and promoting economic
42 development in the zone.

44 2. Payments. A certified new business shall pay to the
46 zone leverage fund a percentage of gross revenue for the previous
48 year according to this subsection after start-up of the business:

- 50 A. Up to 24 months, 0%;
52 B. From 24 months up to 36 months, .2%;
54 C. From 36 months up to 48 months, .15%;
56 D. From 48 months up to 60 months, .1%; and
58 E. After 60 or more months, .05%.

60 3. Deduction from gross revenues. In calculating gross
62 revenues under this section, a new business may deduct 150% of

2 the cost of membership in local business and economic
3 organizations according to a schedule updated annually by the
4 board.

5 4. Existing business contribution. An existing business
6 may contribute to the zone leverage fund with the approval of the
7 board. A contribution to the zone leverage fund may be deducted
8 at 150% of the amount of the contribution on the existing
9 business' tax return.

10 5. Proration of payments. The board may prorate payments
11 under this section.

14 SUMMARY

15 This bill establishes the Northern Aroostook Enterprise Zone
16 to be administered by the Northern Aroostook Enterprise Zone
17 Development Board to encourage and promote economic development
18 in the zone. As incentives for development, the bill creates for
19 eligible businesses a raw materials credit, a utility credit and
20 a job creation credit and provides for partial state
21 reimbursement for property tax abatements granted by
22 municipalities to eligible new businesses.
23
24