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DATE: *March 30, 1998*

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**STATE OF MAINE
SENATE
118TH LEGISLATURE
SECOND REGULAR SESSION**

COMMITTEE AMENDMENT "B" to S.P. 837, L.D. 2243, 'Bill, "An Act to Encourage Accountability and Return on Investment for Maine Taxpayers from Economic Development Initiatives"

Amend the bill by striking out everything after the enacting clause and before the summary and inserting in its place the following:

'Sec. 1. 5 MRSA c. 383, sub-c. II, art. 6 is enacted to read:

Article 6

Return on Public Investment From
Economic Development Incentives

§13070-J. Employer reporting associated with eligibility for
public subsidies and incentives

1. Definitions. As used in this article, unless the context otherwise indicates, the following terms have the following meanings.

A. "Commissioner" means the Commissioner of Economic and Community Development.

B. "Department" means the Department of Economic and Community Development.

COMMITTEE AMENDMENT

FRANK W. ...
FRANK W. ...

COMMITTEE AMENDMENT "B" to S.P. 837, L.D. 2243

C. "Economic development incentive" means:

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- (1) Assistance from Maine Quality Centers under Title 20-A, chapter 431-A;
- (2) The Governor's Training Initiative Program under Title 26, chapter 25, subchapter IV;
- (3) Municipal tax increment financing under Title 30-A, chapter 207;
- (4) The jobs and investment tax credit under Title 36, section 5215;
- (5) The research expense tax credit under Title 36, section 5219-K;
- (6) Reimbursement for taxes paid on certain business property under Title 36, chapter 915; or
- (7) Employment tax increment financing under Title 36, chapter 917.

2. Disclosure. Each applicant for an economic development incentive described in subsection 1, paragraph C, subparagraphs (1) to (4) and (7) shall at a minimum identify in writing:

- A. The public purpose that will be served by the employer through use of the economic development incentive and the specific uses to which the benefits will be put; and
- B. The goals of the employer for the number, type and wage levels of jobs to be created or retained as a result of the economic development incentive received.

Applications filed under this subsection are public records for purposes of Title 1, chapter 13.

3. Report. Annually, an employer receiving an economic development incentive, the value of which exceeds \$10,000 in one year, shall submit a written report to the commissioner containing but not limited to the following information:

- A. The amount of assistance received by the employer in the preceding year from each economic development incentive and the uses to which that assistance has been put;
- B. The total amount of assistance received from all economic assistance programs;

2 C. The number, type and wage level of jobs created or
retained as a result of an economic development incentive;

4 D. Current employment levels for the employer for all
operations within the State, the number of employees in each
6 job classification and the average wages and benefits for
each classification;

8 E. Any changes in employment levels that have occurred over
10 the preceding year; and

12 F. An assessment of how the employer has performed with
respect to the public purpose identified in subsection 2,
14 paragraph A, if applicable.

16 Reports filed under this subsection are public records for
purposes of Title 1, chapter 13.

18 4. Agency reports. The following agencies shall submit the
20 following reports.

22 A. The State Tax Assessor shall submit a report by May 1st
of 1999 and each odd-numbered year thereafter to the joint
24 standing committee of the Legislature having jurisdiction
over economic and community development matters and the
26 joint standing committee of the Legislature having
jurisdiction over taxation matters identifying the amount of
28 public funds spent and the amount of revenues foregone as
the result of economic development incentives. The report
30 must identify the amount of the economic development
incentives under the jurisdiction of the Bureau of Revenue
32 Services received by each employer to the extent permitted
under Title 36, section 191 and other provisions of law
34 concerning the confidentiality of information.

36 B. The Commissioner of Labor shall report by May 1st
annually to the joint standing committee of the Legislature
38 having jurisdiction over economic and community development
matters and the joint standing committee of the Legislature
40 having jurisdiction over taxation matters on the amount of
public funds spent on workforce development and training
42 programs directly benefiting businesses in the State. The
report must identify the amount of economic development
44 incentives under the jurisdiction of the Department of Labor
received by each employer and the public benefit resulting
46 from those economic development incentives.

48 C. The Maine Technical College System shall report by May
1st annually to the joint standing committee of the
50 Legislature having jurisdiction over economic and community

2 development matters and the joint standing committee of the
3 Legislature having jurisdiction over taxation matters on the
4 amount of public funds spent on job training programs
5 directly benefiting businesses in the State. The report
6 must identify the amount of economic development incentives
7 under the jurisdiction of the system received by each
8 employer and the public benefit resulting from those
9 economic development incentives.

10 D. The department shall report by May 1st annually to the
11 joint standing committee of the Legislature having
12 jurisdiction over economic and community development matters
13 and the joint standing committee of the Legislature having
14 jurisdiction over taxation matters on the amount of public
15 funds spent for the direct benefit of businesses in the
16 State under municipal tax increment financing, employment
17 tax increment financing and the Governor's training
18 initiative. The report must identify the amount of economic
19 development incentives under the jurisdiction of the
20 department received by each employer and the public benefit
21 resulting from those economic development incentives.

22 6. Rules. Rules adopted by the commissioner under this
23 section are routine technical rules as defined in chapter 375,
24 subchapter II-A.

25 **§13070-K. Economic development incentive contract**

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27 If the commissioner enters into a contractual relationship
28 with an employer regarding the provision of an economic
29 development incentive in return for the employer's agreement to
30 locate, expand or retain its facilities in the State, that
31 contract must contain a statement of the State's expected public
32 benefit from its investment of public funds.

33 **§13070-L. Repeal**

34 This article is repealed October 1, 2001.

35 **Sec. 2. 36 MRSA §5215, sub-§3, ¶¶A and B, as amended by PL**
36 **1993, c. 672, §1 and affected by §2, are further amended to read:**

37 **A. With property considered to be qualified investment of**
38 **at least \$5,000,000 for that taxable year with a situs in**
39 **the State and placed in service by the taxpayer after**
40 **January 1, 1979; and**

41 **B. With payroll records and reports substantiating that at**
42 **least 100 new jobs attributable to the operation of property**
43 **considered to be qualified investment were created in the**

24-month period following the date the property was placed in service. To assess the continuing nature of the jobs, the taxpayer must demonstrate that the new jobs credit base is at least \$700,000 for the taxable year of the qualified federal credit or either of the next 2 calendar years. The \$700,000 must be adjusted proportionally for any change in Title 26, section 1043, subsection 2 wages from \$7,000+; and

Sec. 3. 36 MRSA §5215, sub-§3, ¶C is enacted to read:

C. After August 1, 1998 and before October 1, 2001, who demonstrate that the qualifying jobs under paragraph B are covered by a retirement program subject to the Employee Retirement Income Security Act of 1974, 29 United States Code, Sections 101 to 1461, as amended; that group health insurance is provided for employees in those positions; and that the wages for those positions, calculated on a calendar year basis, are greater than the average annual per capita income in the labor market area in which the employee is employed.

Sec. 4. 36 MRSA §6660 is enacted to read:

§6660. Availability of information

Notwithstanding section 191, information contained in applications for reimbursement, the names of persons receiving reimbursement and the amount of reimbursement paid to an applicant may be publicly disclosed by the bureau. This section does not permit the disclosure of taxpayer identification numbers.

Sec. 5. Appropriation. The following funds are appropriated from the General Fund to carry out the purposes of this Act.

1998-99

ADMINISTRATIVE AND FINANCIAL SERVICES,
DEPARTMENT OF

Bureau of Revenue Services

All Other \$25,000

Provides funds for the computer programming and other costs associated with gathering information necessary to provide biannual reports to the Legislature related to economic development incentives.'

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

FISCAL NOTE

1998-99

APPROPRIATIONS/ALLOCATIONS

General Fund \$25,000

This bill includes an additional General Fund appropriation of \$25,000 in fiscal year 1998-99 to the Bureau of Revenue Services for the estimated biannual costs to collect and report on economic development incentive data.

The Department of Labor, the Department of Economic and Community Development and the Maine Technical College System will incur some additional costs to provide annual reports to the Legislature on economic development incentive issues. These costs can be absorbed within the affected departments' and agency's existing budgeted resources.'

SUMMARY

This amendment is the minority report and replaces the bill.

The amendment requires employers who are recipients of specified economic development incentives to disclose to the Commissioner of Economic and Community Development the public purpose supported by the economic development incentive and the employer's goals for the number, type and wage levels of jobs that will be created. Additionally, recipients must file an annual report containing more detailed information about the amount of economic development assistance received and the employment creation or retention experience of the employer. Applications filed for business property tax reimbursement and the amount of reimbursement received are removed from tax confidentiality provisions.

The State Tax Assessor, the Commissioner of Labor, the Maine Technical College System and the Department of Economic and Community Development are required to report to the joint standing committee of the Legislature having jurisdiction over

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2 business and economic development matters and the joint standing
committee of the Legislature having jurisdiction over taxation
4 matters regarding economic development incentives within their
respective jurisdictions.

6 The amendment makes it a condition of qualification for the
jobs and investment tax credit that the employer demonstrate that
8 the qualifying jobs meet the same standards for wages and
benefits as required for receipt of reimbursement through
10 employment tax increment financing.

12 The change in the jobs and investment tax credit expire
October 1, 2001.

14 The amendment also adds an appropriation and a fiscal note
16 to the bill.

COMMITTEE AMENDMENT