

MAINE STATE LEGISLATURE

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119th MAINE LEGISLATURE

SECOND REGULAR SESSION-2000

Legislative Document

No. 2460

H.P. 1754

House of Representatives, January 10, 2000

An Act to Establish Criteria for Tax Incentive Programs.

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 black ink that reads "Joseph W. Mayo".

JOSEPH W. MAYO, Clerk

Presented by Representative GAGNON of Waterville.
Cosponsored by Senator RUHLIN of Penobscot and
Representatives: COLWELL of Gardiner, LEMOINE of Old Orchard Beach, STANLEY of
Medway.

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

4 **Sec. 1. 5 MRSA c. 383, sub-c. II, article 7 is enacted to read:**

6 **ARTICLE 7**
ECONOMIC DEVELOPMENT AND TAX INCENTIVES

8 **§13070-O. Requirements for economic development and tax**
incentive programs

10 An economic development or tax incentive program authorized
12 by law for employers must meet the following requirements. The
14 economic development or tax incentive program must:

16 1. Name. Have a name that accurately describes the nature
of the program;

18 2. Objectives. Have specific stated objectives, such as
20 the number of jobs to be created and at what wage and benefit
levels;

22 3. Method to measure whether objectives are attained.
24 Provide a method to measure whether the objectives of the program
are attained;

26 4. Reporting requirement. Require that a business that
28 receives public funds report on the use of those funds;

30 5. Review. Require that the appropriate joint standing
committee of the Legislature review the program at specific and
32 regular intervals;

34 6. Incentives and penalties. Provide incentives for a
business to meet objectives of the program and penalties for a
36 business that does not; and

38 7. Cost analysis. Provide an analysis of the long-term
cost of the program. This analysis must be based on at least a
40 10-year period.

42 **Sec. 2. Review of economic development and tax incentive**
44 **programs.** The Department of Economic and Community Development,
46 in consultation with the Economic Development Incentive
48 Commission established in the Maine Revised Statutes, Title 5,
50 section 13070-L, shall review all economic development and tax
incentive programs that are under the purview of the commission
using the standards set forth in Title 5, section 13070-O. The
department shall review 1/2 of these programs and report to the
joint standing committee of the Legislature having jurisdiction
over taxation matters no later than November 1, 2000 and report

2 to the same committee regarding the rest of these programs no
later than November 1, 2001.

4
6 **SUMMARY**

8 This bill provides that an economic development or tax
incentive program authorized by law for employers must meet the
following requirements.

10 1. It must have a name that accurately describes the nature
12 of the program.

14 2. It must have specific stated objectives, such as the
number of jobs to be created and at what wage and benefit levels.

16 3. It must provide a method to measure whether the
18 objectives of the program are attained.

20 4. It must require that a business that receives public
funds report on the use of those funds.

22 5. It must require that the appropriate joint standing
24 committee of the Legislature review the program at specific and
regular intervals.

26 6. It must provide incentives for a business to meet
28 objectives of the program and penalties for a business that does
not.

30 7. It must provide an analysis of the long-term cost of the
32 program. This analysis must be based on at least a 10-year
period.

34 The bill also requires the Department of Economic and
36 Community Development, in consultation with the Economic
Development Incentive Commission, to review existing economic
38 development and tax incentive programs in light of these
requirements and report to the joint standing committee of the
40 Legislature having jurisdiction over taxation matters over a
2-year period.