

# MAINE STATE LEGISLATURE

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# 120th MAINE LEGISLATURE

## FIRST REGULAR SESSION-2001

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Legislative Document

No. 1260

H.P. 946

House of Representatives, February 28, 2001

**An Act to Require Accountability for Tax Expenditures Invested on  
Behalf of Taxpayers.**

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Reference to the Committee on Taxation suggested and ordered printed.

*Millicent M. MacFarland*

MILLICENT M. MacFARLAND, Clerk

Presented by Representative HAWES of Standish.  
Cosponsored by Senator MILLS of Somerset and  
Representatives: BULL of Freeport, CANAVAN of Waterville, GOODWIN of Pembroke,  
MAILHOT of Lewiston, MAYO of Bath, McLAUGHLIN of Cape Elizabeth, PINEAU of Jay.

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

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Sec. 1. 5 MRSA §13070-J, sub-§1, ¶F is enacted to read:

F. "Health benefit plan" means a plan that:

(1) Includes comprehensive coverage for the following benefits:

(a) Inpatient and outpatient hospital services;

(b) Physicians' surgical and medical services;

(c) Laboratory and radiological services;

(d) Well-child care and immunizations; and

(e) Mental health and pharmaceutical expenses;

(2) Affords health coverage that has an actuarial value no less than 80% of the actuarial value of health coverage that is provided to employees of the State. For purposes of this subparagraph, "actuarial value" means the expected cost of a benefit based on common assumptions as to relevant variables such as morbidity, mortality, persistency and interest. When comparing the actuarial value of one group of benefits to another, both actuarial values must be based on the same assumptions;

(3) Imposes on the employee copayment and deductible costs that have an aggregate actuarial value that does not exceed 10% of the actuarial value of all benefits afforded by the plan; and

(4) Makes comparable health coverage available to the employee's spouse and dependent children.

Sec. 2. 5 MRSA §13070-P is enacted to read:

§13070-P. Conditions for certain economic development incentives

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

A. "Conditional economic development incentive" means an economic development incentive, the value of which exceeds \$10,000 in one year, that is described in section 13070-J, subsection 1, paragraph D under:

2           (1) Subparagraph (3) and that is a municipal tax  
4           increment financing program first approved after  
          October 1, 2001;

6           (2) Subparagraph (4) or (5) when the credit was first  
8           applied for with regard to a tax year beginning on or  
          after October 1, 2001; or

10          (3) Subparagraph (6) when the property that is the  
12          basis of the claim was first placed in service in Maine  
          on or after April 1, 2002.

14          2. Wage and benefit standards. Each employer receiving a  
16          conditional economic development incentive must certify  
18          compliance with the following wage and benefit standards at the  
          time when the incentive is applied for, claimed or renewed.

20           A. Hourly wages subject to taxation under Title 36, chapter  
22           803 paid to employees based in the State must exceed 1/60th  
24           of the average weekly wage as determined by the Department  
          of Labor, Bureau of Employment Services for the county in  
          which the employee is based.

26           B. The employer must maintain a health benefit plan that is  
28           available to all of the employer's employees based in the  
          State who have been employed for 60 days or more on a  
          schedule that regularly exceeds 25 hours per week.

30           C. The employer must pay at least 60% of the cost of  
32           covering each employee who is under a health benefit plan.

34           D. The employer must pay at least 50% of the cost of  
          benefits for children under 19 years of age who are covered  
          under the health benefit plan as dependents of an employee.

36           E. The employer must be able to document a reasonably  
38           accurate apportionment between the cost of benefits  
40           attributable to dependents and the cost of benefits  
          attributable to employees.

42          Each agency administering a conditional economic development  
44          incentive for which standards are required under this subsection  
46          may adopt routine technical rules pursuant to chapter 375,  
48          subchapter II-A to implement this subsection. The agency shall  
50          suspend or terminate conditional economic development incentives  
          to an employer that does not properly certify compliance with  
          this subsection. The agency shall recover the value of any  
          conditional economic development incentives paid or allowed on  
          the basis of a false or inaccurate certification. An employer

2 that intentionally violates this subsection shall reimburse the  
3 State for all conditional economic development incentives  
4 received during the period in which the violation occurred and  
5 shall pay a penalty of twice the amount of any conditional  
6 economic development incentives received on the basis of false or  
7 misleading information provided.

8 3. Relocation to another municipality. An employer that  
9 relocates after October 1, 2001 from one municipality in the  
10 State to another municipality in the State located within 100  
11 miles of the former municipality does not qualify for an economic  
12 development incentive under section 13070-J, subsection 1,  
13 paragraph D, subparagraph (3) absent a clear and convincing  
14 showing that the relocation involves a significant expansion that  
15 could not have been made in the former municipality.

16 4. Waiver. An agency administering a conditional economic  
17 development incentive may waive any requirement for receipt of  
18 the conditional economic development incentive under subsection 2  
19 or 3 if a claimant demonstrates that the reason for not meeting  
20 the requirement is economic hardship beyond the control of the  
21 claimant.

## 24 SUMMARY

25 This bill provides that future applicants for municipal tax  
26 increment financing, the jobs and investment tax credit, the  
27 research expense tax credit and business property tax  
28 reimbursement must certify that they pay hourly wages that are at  
29 least 1/60th of the average weekly wage for the county where the  
30 employee is based and provide health insurance benefits. The  
31 bill provides a waiver if the failure to meet standards results  
32 from economic hardship beyond the control of the claimant.  
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