

MAINE STATE LEGISLATURE

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DATE: 2/13/06

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TAXATION

REPORT "A"

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STATE OF MAINE
HOUSE OF REPRESENTATIVES
122ND LEGISLATURE
SECOND REGULAR SESSION

COMMITTEE AMENDMENT "B" to H.P. 755, L.D. 1102, Bill, "An Act To Connect the BETR Program with Job Retention"

Amend the bill in section 1 in subsection 4 in the 2nd line (page 1, line 6 in L.D.) by striking out the following: "6664" and inserting in its place the following: '6666'

Further amend the bill by striking out all of section 2 and inserting in its place the following:

'Sec. 2. 36 MRSA §6666 is enacted to read:

§6666. Return of reimbursement for workforce reduction

1. Refund of reimbursement. A person that receives a benefit under this chapter must retain all or increase the number of its employees to remain eligible to participate in the BETR program. Notwithstanding any other provision of this chapter, if a person is determined by the Department of Labor to have reduced that person's workforce in this State, the person shall refund taxes reimbursed under this chapter for the year immediately previous to the year in which the workforce is reduced based upon the following schedule. For purposes of this section, a person reduces that person's workforce if the person terminates or suspends positions for more than 3 months.

A. If the person reduces its workforce by up to 25%, it must refund 25% of the reimbursement amount.

B. If the person reduces its workforce by more than 25% up to 50%, it must refund 50% of the reimbursement amount.

2 C. If the person reduces its workforce by more than 50% up
3 to 75%, it must refund 75% of the reimbursement amount.

4
5 D. If the person reduces its workforce by more than 75%, it
6 must refund 100% of the reimbursement amount.

7 2. Determination of reductions in workforce. The
8 Department of Labor shall, by August 1st, annually, notify the
9 bureau of any person that has reduced its workforce. The
10 Department of Labor may adopt rules necessary to enforce this
11 section and may request any information necessary to identify a
12 workforce reduction from a person receiving benefits under this
13 chapter. Rules adopted under this subsection are routine
14 technical rules as defined in Title 5, chapter 375, subchapter
15 2-A. A person that fails to provide information requested by the
16 Department of Labor must refund 100% of the reimbursement
17 amount. The bureau shall provide any information to the
18 Department of Labor that will assist in making determinations of
19 workforce reductions under this section.

20
21 3. Setoff. The bureau may set off against refunds owed
22 under this section any tax refunds or payments due to the person
23 owing a refund under this section.

24
25 **Sec. 3. Application.** This Act applies to applications for
26 benefits under the Maine Revised Statutes, Title 36, chapter 915
27 filed on or after August 1, 2007.

28
29 **Sec. 4. Appropriations and allocations.** The following
30 appropriations and allocations are made.

31
32 **ADMINISTRATIVE AND FINANCIAL SERVICES,**
33 **DEPARTMENT OF**

34
35 **Maine Revenue Services 0002**

36
37 Initiative: Provide funds for the administrative costs
38 associated with the job retention limitation on Business
39 Equipment Tax Reimbursement program benefits.

40	GENERAL FUND	2005-06	2006-07
41	All Other	\$0	\$20,000
42		\$0	\$20,000'
43	GENERAL FUND TOTAL	\$0	\$20,000'

44
45
46

COMMITTEE AMENDMENT "B" to H.P. 755, L.D. 1102

SUMMARY

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4 This amendment changes a section number to avoid a conflict,
6 requires the Department of Labor to identify persons subject to
8 the refund requirement, changes the method of calculating
workforce reductions and adds an application date and an
appropriations and allocations section.

8

10

FISCAL NOTE REQUIRED
(See attached)



122nd MAINE LEGISLATURE

LD 1102

LR 0854(03)

An Act To Connect the BETR Program with Job Retention

Fiscal Note for Bill as Amended by Committee Amendment "B"

Committee: Taxation

Fiscal Note Required: Yes

Fiscal Note

Undetermined future biennium revenue increase - General Fund

Undetermined current biennium cost increase - General Fund

	2005-06	2006-07	Projections 2007-08	Projections 2008-09
Net Cost (Savings)				
General Fund	\$0	\$20,000	\$0	\$0
Appropriations/Allocations				
General Fund	\$0	\$20,000	\$0	\$0

Fiscal Detail and Notes

This bill is expected to increase General Fund revenue by a significant amount as a result of the limitation on Business Equipment Tax Reimbursement (BETR) program benefits. The exact amount by fiscal year can not be determined at this time and will depend on actual job losses and the timing of rebate payments. The current economic forecast projects additional job losses in manufacturing and reimbursement for property used in manufacturing represents over 80% of BETR benefit costs. Based on these two factors, the provisions contained in this bill could potentially reduce the cost of BETR benefits by well over 50% beginning in fiscal year 2009-2010. This bill includes a General Fund appropriation of \$20,000 in fiscal year 2006-07 for Maine Revenue Services for the administrative costs associated with these changes, including funds for computer programming.

The Department of Labor indicates it will require ongoing General Fund appropriations beginning in fiscal year 2006-07 for the programming and ongoing reporting costs associated with identifying persons who have reduced their workforce. The amount can not be determined at this time but is expected to be several hundred thousand dollars.