

# MAINE STATE LEGISLATURE

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**BUSINESS, RESEARCH AND ECONOMIC DEVELOPMENT**

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**STATE OF MAINE**

**SENATE**

**124TH LEGISLATURE**

**SECOND REGULAR SESSION**

COMMITTEE AMENDMENT "A" to S.P. 651, L.D. 1679, Bill, "An Act To Create Jobs and Stimulate Economic Development by Making Captive Insurers Eligible for Pine Tree Development Zone Benefits for 10 Years"

Amend the bill by striking out the title and substituting the following:

**'An Act To Create Jobs and Stimulate Economic Development by Making Captive Insurers Eligible for Pine Tree Development Zone Benefits'**

Amend the bill by inserting after the enacting clause and before section 1 the following:

**'Sec. 1. 30-A MRSA §5223, sub-§3,** as amended by PL 2009, c. 314, §8, is further amended to read:

**3. Conditions for approval.** Designation of a development district is subject to the following conditions.

A. At least 25%, by area, of the real property within a development district must meet at least one of the following criteria:

- (1) Must be a blighted area;
- (2) Must be in need of rehabilitation, redevelopment or conservation work; or
- (3) Must be suitable for commercial or arts district uses.

B. The total area of a single development district may not exceed 2% of the total acreage of the municipality. The total area of all development districts may not exceed 5% of the total acreage of the municipality.

C. The original assessed value of a proposed tax increment financing district plus the original assessed value of all existing tax increment financing districts within the municipality may not exceed 5% of the total value of taxable property within the municipality as of April 1st preceding the date of the commissioner's approval of the designation of the proposed tax increment financing district.

**COMMITTEE AMENDMENT**

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COMMITTEE AMENDMENT "A" to S.P. 651, L.D. 1679

1 Excluded from the calculation in this paragraph is any district excluded from the  
2 calculation under former section 5253, subsection 1, paragraph C and any district  
3 designated on or after the effective date of this chapter that meets the following  
4 criteria:

5 (1) The development program contains project costs, authorized by section 5225,  
6 subsection 1, paragraph A, that exceed \$10,000,000;

7 (2) The geographic area consists entirely of contiguous property owned by a  
8 single taxpayer;

9 (3) The assessed value exceeds 10% of the total value of taxable property within  
10 the municipality; and

11 (4) The development program does not contain project costs authorized by  
12 section 5225, subsection 1, paragraph C.

13 For the purpose of this paragraph, "contiguous property" includes a parcel or parcels  
14 of land divided by a road, power line or right-of-way.

15 D. The aggregate value of municipal general obligation indebtedness financed by the  
16 proceeds from tax increment financing districts within any county may not exceed  
17 \$50,000,000 adjusted by a factor equal to the percentage change in the United States  
18 Bureau of Labor Statistics Consumer Price Index, United States City Average from  
19 January 1, 1996 to the date of calculation.

20 (1) The commissioner may adopt rules necessary to allocate or apportion the  
21 designation of captured assessed value of property within proposed tax increment  
22 financing districts to permit compliance with the condition in this paragraph.  
23 Rules adopted pursuant to this paragraph are routine technical rules as defined in  
24 Title 5, chapter 375, subchapter 2-A.

25 (2) The acquisition, construction and installment of all real and personal property  
26 improvements, buildings, structures, fixtures and equipment included within the  
27 development program and financed through municipal bonded indebtedness must  
28 be completed within 5 years of the commissioner's approval of the designation of  
29 the tax increment financing district.

30 The conditions in paragraphs A to D do not apply to approved downtown tax increment  
31 financing districts, ~~tax increment financing districts included within Pine Tree~~  
32 ~~Development Zones designated and approved under subchapter 3,~~ tax increment  
33 financing districts that consist solely of one or more community wind power generation  
34 facilities owned by a community wind power generator that has been certified by the  
35 Public Utilities Commission pursuant to Title 35-A, section 3403, subsection 3 or transit-  
36 oriented development districts.'

37 Amend the bill by striking out all of sections 2 to 4 and inserting the following:

38 'Sec. 2. 30-A MRSA §5250-I, sub-§14, ¶E, as enacted by PL 2005, c. 351, §3,  
39 is amended to read:

1 E. Discounted rates approved by the Public Utilities Commission, if applicable, and  
2 offered by transmission and distribution utilities as authorized under Title 35-A,  
3 section ~~3210-B~~ 3210-E, subsection 1; and

4 **Sec. 3. 30-A MRSA §5250-I, sub-§14, ¶F**, as enacted by PL 2005, c. 351, §3, is  
5 amended to read:

6 F. Line extensions and conservation programs approved or authorized by the Public  
7 Utilities Commission under Title 35-A, section ~~3210-B~~, subsections 2 and 3 3210-E.

8 **Sec. 4. 35-A MRSA §3210-E** is enacted to read:

9 **§3210-E. Electric utility and conservation benefits**

10 **1. Discount rates.** Transmission and distribution utilities may offer discounted rates  
11 to qualified Pine Tree Development Zone businesses established under Title 30-A. If a  
12 transmission and distribution utility requires approval prior to offering any such rate, the  
13 transmission and distribution utility shall apply to the commission in accordance with  
14 applicable provisions of this Title, and the commission may approve the rate if it finds it  
15 to be in accord with applicable requirements of this Title, except that the commission  
16 may take into account the overall benefits to ratepayers resulting from state efforts to  
17 promote economic development within Pine Tree Development Zones.

18 **2. Line extensions.** When approving or authorizing line extension terms and  
19 conditions for qualified Pine Tree Development Zone businesses established under Title  
20 30-A, the commission may take into account the overall benefits to ratepayers resulting  
21 from state efforts to promote economic development within Pine Tree Development  
22 Zones established pursuant to Title 30-A.

23 **3. Conservation programs.** In designing and implementing conservation programs  
24 pursuant to section 3211-A, the commission may make available to qualified Pine Tree  
25 Development Zone businesses established under Title 30-A special programs of enhanced  
26 value to aid state efforts to promote economic development within Pine Tree  
27 Development Zones. A program made available pursuant to this subsection must be cost-  
28 effective as defined by the commission by rule or order pursuant to section 3211-A. This  
29 subsection is repealed July 1, 2010.

30 **4. Conservation programs.** Beginning July 1, 2010, in designing and implementing  
31 conservation programs pursuant to section 10110, the Efficiency Maine Trust may make  
32 available to qualified Pine Tree Development Zone businesses established under Title  
33 30-A special programs of enhanced value to aid state efforts to promote economic  
34 development within Pine Tree Development Zones. A program made available pursuant  
35 to this subsection must be cost-effective as defined by the Efficiency Maine Trust by rule  
36 or order pursuant to section 10110.

37 **5. Electricity sales.** Notwithstanding section 3210, the sale of electricity by a  
38 competitive electricity provider to a qualified Pine Tree Development Zone business  
39 established under Title 30-A is exempt from the requirements of that section and, at the  
40 request of the competitive electricity provider, sales to qualified Pine Tree Development  
41 Zone businesses must be excluded from any calculation by the commission to determine  
42 compliance with that section.

P. 45

1 **6. Repeal.** This section is repealed December 31, 2028.

2 **Sec. 5. 36 MRSA §1760, sub-§87,** as amended by PL 2005, c. 351, §8 and  
3 affected by §26, is mended to read:

4 **87. Sales of tangible personal property to qualified development zone**  
5 **businesses.** Beginning July 1, 2005, sales of tangible personal property to a qualified  
6 Pine Tree Development Zone business, as defined in Title 30-A, section 5250-I,  
7 subsection 17, for use directly and primarily in one or more qualified business activities,  
8 as defined in Title 30-A, section 5250-I, subsection 16. The exemption provided by this  
9 subsection is limited for each qualified Pine Tree Development Zone business to sales  
10 occurring within a period of 10 years in the case of a business located in a tier 1 location,  
11 as defined in Title 30-A, section 5250-I, subsection 21-A, and 5 years in the case of a  
12 business located in a tier 2 location, as defined in Title 30-A, section 5250-I, subsection  
13 21-B, from the date the business is certified pursuant to Title 30-A, section 5250-O or  
14 until December 31, ~~2018~~ 2028, whichever occurs first. As used in this subsection,  
15 "primarily" means more than 50% of the time during the period that begins on the date on  
16 which the property is first placed in service by the purchaser and ends 2 years from that  
17 date or at the time the property is sold, scrapped, destroyed or otherwise permanently  
18 removed from service by the purchaser, whichever occurs first.

19 **Sec. 6. 36 MRSA §2016, sub-§4, ¶A,** as enacted by PL 2005, c. 351, §9 and  
20 affected by §26, is amended to read:

21 A. Reimbursements made by the assessor pursuant to this section are limited to taxes  
22 paid in connection with sales of tangible personal property that occur within a period  
23 of 10 years in the case of a qualified Pine Tree Development Zone business located in  
24 a tier 1 location, as defined in Title 30-A, section 5250-I, subsection 21-A, and 5  
25 years in the case of a qualified Pine Tree Development Zone business located in a tier  
26 2 location, as defined in Title 30-A, section 5250-I, subsection 21-B, from the date  
27 the qualified Pine Tree Development Zone business receiving the property is certified  
28 pursuant to Title 30-A, section 5250-O or by December 31, ~~2018~~ 2028, whichever  
29 occurs first.

30 **Sec. 7. 36 MRSA §2529, sub-§1, ¶B,** as repealed and replaced by PL 2005, c.  
31 351, §10 and affected by §26, is amended to read:

32 B. ~~Fifty percent~~ For a business located in a tier 1 location, as defined in Title 30-A,  
33 section 5250-I, subsection 21-A, 50% of the tax that would otherwise be due under  
34 this chapter upon premiums that are attributable to a qualified business activity as  
35 defined in Title 30-A, section 5250-I, subsection 16 for each of the 5 tax years  
36 following the time period in paragraph A.

37 **Sec. 8. 36 MRSA §2529, sub-§3,** as enacted by PL 2003, c. 451, Pt. NNN, §4  
38 and affected by §8, is amended to read:

39 **3. Limitation.** The credit provided by this section may not be claimed for calendar  
40 years beginning on or after January 1, ~~2019~~ 2029.

41 **Sec. 9. 36 MRSA §5219-W, sub-§1, ¶B,** as repealed and replaced by PL 2005,  
42 c. 351, §13 and affected by §26, is amended to read:

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B. ~~Fifty percent~~ For a business located in a tier 1 location, as defined in Title 30-A, section 5250-I, subsection 21-A, 50% of the tax that would otherwise be due under this Part for each of the 5 tax years following the time period in paragraph A.'

Amend the bill by inserting after section 5 the following:

'Sec. 6. **Retroactivity.** That section of this Act that enacts the Maine Revised Statutes, Title 35-A, section 3210-E applies retroactively to December 31, 2009. Those sections of this Act that amend Title 36, section 1760, subsection 87; section 2016, subsection 4, paragraph A; section 2529, subsection 1, paragraph B; and section 5219-W, subsection 1, paragraph B apply retroactively to September 12, 2009.'

Amend the bill by relettering or renumbering any nonconsecutive Part letter or section number to read consecutively.

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**SUMMARY**

This amendment strikes sections of the bill that designate all captive insurance companies anywhere in the State as being in a tier 1 location for purposes of Pine Tree Development Zone benefits but leaves the amended definition of "financial services" within the Pine Tree Development Zone laws to clarify that captive insurance companies are part of the financial services sector and therefore eligible to apply for Pine Tree Development Zone benefits. It retroactively restores electricity rate benefits for qualified Pine Tree Development Zone businesses. The amendment also makes several technical corrections to the Pine Tree Development Zone laws in order to ensure that the tax benefits in the bill as amended expire on the same date. This amendment also makes those technical corrections retroactive to September 12, 2009, the date the law establishing tier 1 and tier 2 locations took effect. It makes a correction to the tax increment financing laws to reflect the changes made to the Pine Tree Development Zone laws.

**FISCAL NOTE REQUIRED**  
(See attached)



# 124th MAINE LEGISLATURE

LD 1679

LR 2277(02)

**An Act To Create Jobs and Stimulate Economic Development by Making Captive Insurers Eligible for Pine Tree Development Zone Benefits for 10 Years**

**Fiscal Note for Bill as Amended by Committee Amendment "A" S-400**  
**Committee: Business, Research and Economic Development**  
**Fiscal Note Required: Yes**

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## Fiscal Note

Potential future biennium revenue decrease - General Fund

### Fiscal Detail and Notes

Expansion of Pine Tree Zone credit eligibility to captive insurance companies may result in future reductions to General Fund revenues. Neither the amounts nor the timing of the revenue reductions are determinable at this time. Any additional costs to the Department of Economic and Community Development associated with determining and certifying eligibility, to Maine Revenue Services for extended processing of the state income tax credit, as well as to the Public Utilities Commission for processing rate applications and adjustments can be absorbed within existing budgeted resources.