

MAINE STATE LEGISLATURE

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Date 6/20/23

(Filing No S-355)

**INNOVATION, DEVELOPMENT, ECONOMIC ADVANCEMENT AND
BUSINESS**

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**STATE OF MAINE
SENATE
131ST LEGISLATURE
FIRST SPECIAL SESSION**

COMMITTEE AMENDMENT "A" to S P 780, L D 1918, "An Act to Modernize
Maine's Business Incentive Programs by Creating the Dirigo Business Incentives Program
and Eliminating Certain Other Tax Incentive Programs"

Amend the bill in section 4 in subsection 1 in the 2nd line (page 1, line 15 in L D) by
striking out the following "on new incremental electricity usage"

Amend the bill in section 4 in subsection 1 in the last line (page 1, line 23 in L D) by
striking out the following "within Pine Tree Development Zones" and inserting the
following '~~within Pine Tree Development Zones~~'

Amend the bill by inserting after section 4 the following

'Sec. 5. 35-A MRSA §3210-E, sub-§5, as amended by PL 2011, c 413, §4, is
further amended to read

5 Electricity sales. Notwithstanding section 3210, the sale of electricity by a
competitive electricity provider ~~to a qualified Pine Tree Development Zone business
established under Title 30-A~~ is exempt from the requirements of that section ~~unless the
qualified Pine Tree Development Zone business requests the commission to waive the
exemption for the sale of electricity to that Pine Tree Development Zone business~~ if the
electricity is sold to

A A qualified Pine Tree Development Zone business established under Title 30-A, or

B A for-profit manufacturing or targeted technology business in this State engaged in
or that will engage in a qualified business activity that will result in the addition of at
least one qualified employee above its base level of employment in this State if

(1) The business demonstrates that the establishment or expansion of operations
within the State would not occur absent the availability of the benefits provided
under this subsection and provides to the Department of Economic and Community
Development, at a minimum, a signed and notarized statement to this effect. The

COMMITTEE AMENDMENT

ROS

1 department shall determine whether the business has met the requirements of this
2 subparagraph, and

3 (2) The business has received a letter of certification from the Commissioner of
4 Economic and Community Development that the business meets the qualifications
5 of this subsection and that describes the qualified business activity of the business
6 The Commissioner of Economic and Community Development shall issue a
7 certificate to a business after the commissioner has verified that the business met
8 the requirements of this paragraph and has added at least one qualified employee
9 above its base level of employment A letter of certification is valid for 10 years

10 For the purposes of this subsection, "base level of employment" has the same meaning as
11 in Title 30-A, section 5250-I, subsection 4, "qualified business activity" means a business
12 activity conducted within a tier 1 Pine Tree Development Zone as described in Title 30-A,
13 section 5250-J, subsection 3-A that is directly related to manufacturing or a targeted
14 technology business for which the business receives a letter of certification from the
15 Commissioner of Economic and Community Development pursuant to paragraph B,
16 subparagraph (2), "qualified employee" means a qualified Pine Tree Development Zone
17 employee as defined in Title 30-A, section 5250-I, subsection 18, and "targeted technology
18 business" means a business primarily involved in one or more targeted technologies as
19 defined in Title 5, section 15301, subsection 2

20 A business eligible for the exemption under this subsection may request that the
21 commission waive the exemption for the sale of electricity to that business

22 The commission may adopt routine technical rules, as defined in Title 5, chapter 375,
23 subchapter 2-A, to implement this subsection '

24 Amend the bill in section 12 in §5219-AAA in subsection 1 by inserting after paragraph
25 A the following

26 'B "Catastrophic event" means a fire, flood, hurricane, windstorm, earthquake or other
27 similar event or a declared state disaster or emergency within the meaning of Title 10,
28 section 9902, subsection 1 that is not within the control of a business to prevent '

29 Amend the bill in section 12 in §5219-AAA in subsection 1 in paragraph H in the last
30 2 lines (page 3, lines 35 and 36 in L D) by striking out the following "an accidental fire,
31 flood, hurricane, windstorm, earthquake or other similar" and inserting the following 'a
32 catastrophic'

33 Amend the bill in section 12 in §5219-AAA in subsection 1 by inserting after paragraph
34 H the following

35 'I "Placed in service" means the date the property is placed in service for purposes of
36 depreciation under Section 167 or 168 of the Code or would be eligible for depreciation
37 if the property had not been expensed under Section 179 of the Code '

38 Amend the bill in section 12 in §5219-AAA in subsection 1 in paragraph N in
39 subparagraph (4) in the last line (page 4, line 18 in L D) by inserting after the following
40 "college" the following 'in this State'

41 Amend the bill in section 12 in §5219-AAA in subsection 1 by relettering the
42 paragraphs to read alphabetically

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- 1 Amend the bill in section 12 in §5219-AAA in subsection 5 in paragraph C in the 7th
2 line (page 5, line 27 in L D) by inserting after the following "program" the following
3 'completed'
- 4 Amend the bill in section 12 in §5219-AAA in subsection 5 in paragraph C in the last
5 line (page 5, line 30 in L D) by inserting after the following "program" the following
6 'completed'
- 7 Amend the bill in section 12 in §5219-AAA in subsection 6 in paragraph C in the 6th
8 line (page 6, line 15 in L D) by inserting after the following "program" the following
9 'completed'
- 10 Amend the bill in section 12 in §5219-AAA in subsection 6 in paragraph C in the last
11 line (page 6, line 19 in L D) by inserting after the following "program" the following
12 'completed'
- 13 Amend the bill in section 12 in §5219-AAA by striking out all of subsection 7 (page 6,
14 lines 26 to 35 in L D) and inserting the following
- 15 '7. Disallowance. The credit allowed under this section must be recaptured and unused
16 carry-over amounts under this section must be disallowed if the eligible business property
17 forming the basis of the credit under subsection 4 is not used in the State for the entire 5-
18 year period following the date it is placed in service Unused carry-over amounts allowed
19 under this section must be disallowed if the taxpayer undergoes a layoff The amount
20 recaptured or disallowed is equal to the credit amount allowed based on subsection 4
21 multiplied by a fraction, the numerator of which is the number of years remaining in the 5-
22 year period, rounded up to the nearest whole number, and the denominator of which is 5
23 The amount recaptured must be added to the tax imposed on the taxpayer under this Part
24 for the tax year during which the property is first removed from service in the State Unused
25 carry-over amounts are not required to be disallowed and the credit is not required to be
26 recaptured for eligible business property temporarily removed from service for
27 maintenance or repair or as a result of a catastrophic event '
- 28 Amend the bill in section 12 in §5219-AAA in subsection 8 in the 4th line (page 6, line
29 39 in L D) by striking out the following "but for the fact that the property has been fully
30 depreciated" and inserting the following 'if the property had not been expensed under
31 Section 179 of the Code'
- 32 Amend the bill in section 12 in §5219-AAA in subsection 8 in paragraph B in the first
33 line (page 6, line 42 in L D) by striking out the following "located in the State"
- 34 Amend the bill in section 12 in §5219-AAA in subsection 8 by striking out all of
35 paragraph D (page 7, lines 7 to 9 in L D) and inserting the following
- 36 'D A vehicle on which a tax has been imposed under chapter 111 or a watercraft on
37 which a tax has been imposed under chapter 112, '
- 38 Amend the bill in section 12 in §5219-AAA in subsection 10 in paragraph B in the last
39 line (page 7, line 23 in L D) by inserting after the following "program" the following
40 'completed during the tax year'
- 41 Amend the bill in section 12 in §5219-AAA in subsection 10 in paragraph C in the first
42 line (page 7, line 24 in L D) by striking out the following "municipalities" and inserting
43 the following 'county'

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COMMITTEE AMENDMENT "A" to S P 780, L D 1918

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

3

SUMMARY

4 This amendment allows a business participating in the Dirigo business incentives
5 program to qualify for certain benefits currently available to businesses participating in the
6 Pine Tree Development Zone program, including electricity discount rates and exemption
7 from certain requirements for the sale of electricity The amendment also makes technical
8 changes to the bill

9

FISCAL NOTE REQUIRED

10

(See attached)



131st MAINE LEGISLATURE

LD 1918

LR 2501(02)

An Act to Modernize Maine's Business Incentive Programs by Creating the Dirigo Business Incentives Program and Eliminating Certain Other Tax Incentive Programs

Fiscal Note for Bill as Amended by Committee Amendment *A*(S 355)
 Committee. Innovation, Development, Economic Advancement and Business
 Fiscal Note Required: Yes

Fiscal Note

	FY 2023-24	FY 2024-25	Projections FY 2025-26	Projections FY 2026-27
Net Cost (Savings)				
General Fund	\$0	\$4,422,249	\$53,003,694	\$53,480,833
Appropriations/Allocations				
General Fund	\$0	\$0	\$234,008	\$126,731
Revenue				
General Fund	\$0	(\$4,422,249)	(\$52,769,686)	(\$53,354,102)
Other Special Revenue Funds	\$0	(\$232,751)	(\$2,777,352)	(\$2,808,111)

Fiscal Detail and Notes

This bill creates the Dirigo business incentives program which provides refundable tax credits to qualified businesses for tax years beginning on or after January 1, 2025. Initial impacts on revenue are expected in fiscal year 2024-25 as taxpayers adjust estimated payments in April 2025 and June 2025, with a decrease of \$4,422,249 in General Fund revenue and a corresponding decrease of \$232,751 in Local Government Fund revenue in that year. Considerably larger ongoing revenue impacts of the bill are anticipated beginning in fiscal year 2025-26, with a decrease in General Fund revenue of approximately \$53,000,000 per year and a corresponding decrease in Local Government Fund revenue of \$2,800,000 per year.

The Department of Administrative and Financial Services, Bureau of Revenue Services will require a one-time General Fund appropriation of \$139,500 in fiscal year 2025-26 for computer programming and related administrative costs to implement the incentive program. The bureau will also require ongoing General Fund appropriations beginning in fiscal year 2025-26 for one Senior Tax Examiner position, effective October 1, 2025, to process income tax returns and perform desk audits related to the incentive program.

Additional costs to the Department of Economic and Community Development to implement the provisions of this legislation can be absorbed within existing budgeted resources.