

# MAINE STATE LEGISLATURE

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*State Of Maine  
122nd Legislature*

*First Regular Session and  
First Special Session*

*Bill Summaries*

*Joint Standing Committee  
on  
Business, Research and Economic Development*

*August 2005*

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*Sen. Barry J. Hobbins*

*Sen. Dana L. Dow*

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Maine State Legislature

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122nd Legislature
First Regular Session and First Special Session

Summary of Legislation Considered by the Joint Standing Committees
August 2005

Enclosed please find a summary of all bills, resolves, joint study orders, joint resolutions and Constitutional resolutions that were considered by the joint standing select committees of the Maine Legislature this past session. The document is a compilation of bill summaries which describe each bill and relevant amendments, as well as the final action taken. Also included are statistical summaries of bill activity this session for the Legislature and each of its joint standing committees.

The document is organized for convenient reference to information on bills considered by the committees. It is organized by committees and within committees by bill (LD) number. The committee report(s), prime sponsor for each bill and the lead co-sponsor(s), if designated, are listed below each bill title. All adopted amendments are listed by paper number. A subject index for each committee is included immediately before the bill summaries for that committee, and a numerical index by LD number is included at the back of the document. A separate publication, History and Final Disposition of Legislative Documents, may also be helpful in providing information on the disposition of bills. These bill summaries also are available at the Law and Legislative Reference Library and on the Internet (www.state.me.us/legis/opla).

Final action on each bill is noted to the right of the bill title. The abbreviations used for various categories of final action are as follows:

- CARRIED OVER ..... Bill Carried Over to Second Regular Session
CON RES XXX..... Chapter # of Constitutional Resolution passed by both Houses
CONF CMTE UNABLE TO AGREE..... Committee of Conference unable to agree; bill died
DIED BETWEEN BODIES..... House & Senate disagree; bill died
DIED IN CONCURRENCE..... One body accepts ONTP report; the other indefinitely postpones the bill
DIED ON ADJOURNMENT..... Action incomplete when session ended; bill died
EMERGENCY..... Enacted law takes effect sooner than 90 days
FAILED EMERGENCY ENACTMENT/FINAL PASSAGE..... Emergency bill failed to get 2/3 vote
FAILED ENACTMENT/FINAL PASSAGE..... Bill failed to get majority vote
FAILED MANDATE ENACTMENT..... Bill imposing local mandate failed to get 2/3 vote
NOT PROPERLY BEFORE THE BODY..... Ruled out of order by the presiding officers; bill died
INDEF PP..... Bill Indefinitely Postponed
ONTP..... Ought Not To Pass report accepted
OTP ND..... Committee report Ought To Pass In New Draft
OTP ND/NT..... Committee report Ought To Pass In New Draft/New Title
P&S XXX..... Chapter # of enacted Private & Special Law
PUBLIC XXX..... Chapter # of enacted Public Law
RESOLVE XXX..... Chapter # of finally passed Resolve
UNSIGNED..... Bill held by Governor
VETO SUSTAINED..... Legislature failed to override Governor's Veto

Please note the effective date for all non-emergency legislation enacted in the First Regular Session (unless otherwise specified in a particular law) is June 29, 2005; and for non-emergency legislation enacted in the First Special Session is September 17, 2005.

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technology-based businesses within the Applied Technology Development Center System or other statewide recognized economic development entities. The law directs the Finance Authority of Maine to administer the program and allows the Finance Authority of Maine to receive money from sources other than the State to provide the loans.

The law requires the Finance Authority of Maine to report on the program to the Department of Economic and Community Development, the Joint Standing Committee of the Legislature having jurisdiction over education matters and to the Joint Standing Committee of the Legislature having jurisdiction over business matters no later than January 15, 2007 and annually thereafter.

**LD 449**

### **An Act To Make Changes to the Pine Tree Development Zones**

**PUBLIC 351  
EMERGENCY**

Sponsor(s)  
MITCHELL  
ROBINSON

Committee Report  
OTP-AM

Amendments Adopted  
S-297

LD 449 proposed to make the following changes to the Pine Tree Development Zone laws:

1. Clarify the base period prior to a business applying for Pine Tree Development Zone status;
2. Add the utility benefits enacted by Public Law 2003, chapter 610;
3. Remove the authority of the Department of Administrative and Financial Services, Bureau of Revenue Services to review a business certification statement;
4. Clarify the type of land included in the 5,000-acre cap;
5. Allow the Department of Economic and Community Development to add acreage to a zone in order to meet specific project needs;
6. Remove the limit on the number of parcels allowed within a zone;
7. Simplify the amendment process for a zone; and
8. Set criteria for the department to determine when to add acreage to a Pine Tree Development Zone.

**Committee Amendment "A" (S-297)** proposed to replace the bill and make the following changes to the laws governing the Pine Tree Development Zone, or "zone," program:

1. Clarify the method for determining baseline information, add language to adjust employment seasonality and align definitions with the Maine Employment Tax Increment Financing Program, or "ETIF program;"
2. Update a statutory reference made obsolete by changes made in this amendment;
3. Add the utility benefits enacted by Public Law 2003, chapter 610;

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4. Clarify the requirement for a business to add a new employee, align the qualifying criteria with those under the ETIF program by assigning determination duties to the Department of Economic and Community Development and removing Department of Administration and Financial Services responsibility and redefines "qualified Pine Tree Development Zone employees" to restore the meaning originally used under the ETIF program in order to align programs and match past practice. This section also proposed to clarify the status of shifted employees and assign antishifting oversight to the Department of Economic and Community Development;
5. Clarify that under the 5,000-acre limit, acres need not be contiguous and only developable acres may be counted, align the antipiracy and antishifting provisions by including property in both and clarify the language regarding antipiracy and antishifting if companies move from nonqualified to qualified activities. It also proposed to repeal the limitation on the number of parcels allowed within a zone, opting instead for a cap on total acres. This would permit more communities to participate in each zone as they respond to development project needs;
6. Clarify that zones were legally constituted when the commissioner issued preliminary designations;
7. Simplify the amendment process and clarify that all aspects of a zone's development program may be amended by majority vote of the participating municipalities. Voting responsibilities could be delegated to the zone's governing body. It also proposed to permit municipalities to independently shift or delete acres within their own boundaries and clarify that amendments could not be enacted that would jeopardize existing benefits to qualified businesses;
8. Repeal the sales and use tax exemption for sales to contractors of Pine Tree Development Zone businesses and establish a reimbursement program under which the contractors may recover the tax paid on qualifying purchases;
9. Limit eligibility for Pine Tree Development Zone credit against the insurance premium tax to 10 years from the commencement of the qualified business activity and clarify the rules regarding apportionment of the credit by companies that engage in both qualified and nonqualified activities;
10. Limit eligibility for Pine Tree Development Zone credit against the corporate income tax to 10 years from the commencement of the qualified business activity and clarify the rules regarding apportionment of the credit by corporations that engage in both qualified and nonqualified activities;
11. Limit the amount of Pine Tree Development Zone credit for a member of a pass-through entity to the amount of tax attributable to taxable income derived from the pass-through entity;
12. Redefine "affiliated business" under the ETIF program to match the definition under the Maine Revised Statutes, Title 36, Part 8;
13. Repeal the definition of "affiliated group" under the ETIF program and define "average employment during the base period" for purposes of the ETIF program. Existing law measures employment on December 31st of each year. This change would allow measurement of employment at the end of each quarter during the year, and create a more accurate employment picture;
14. Redefine "base level of employment" for purposes of the ETIF program. Existing law measures employment on December 31st of the previous year. This change would allow measurement of employment at the end of each quarter during the year, and create a more accurate employment picture;

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15. Update a statutory reference made obsolete by the changes in this amendment;
16. Add a limitation to the ETIF program stating that "qualified employees" does not include those employees that are shifted to a qualified activity from elsewhere in the company or from an affiliate of the company. This limitation currently exists in a separate section of law;
17. Repeal the section of law that describes the shifting limitation for the ETIF program. The limitation was moved to Title 36, section 6753, subsection 12 in this amendment; and
18. Amend the ETIF law to reflect the increase in the top percentage of employment tax increment available to employers for qualified employees in a Pine Tree Development Zone tax increment from 75% to 80%.

### *Enacted law summary*

Public Law 2005, chapter 351 makes the following changes to the laws governing the Pine Tree Development Zone, or "zone," program:

1. It clarifies the method for determining baseline information, adds language to adjust employment seasonality and aligns definitions with the Maine Employment Tax Increment Financing Program, or "ETIF program." It updates a statutory reference made obsolete by changes made in this amendment, and adds the utility benefits enacted by Public Law 2003, chapter 610;
2. It clarifies the requirement for a business to add a new employee, aligns the qualifying criteria with those under the ETIF program by assigning determination duties to the Department of Economic and Community Development and removing Department of Administration and Financial Services responsibility and redefines "qualified Pine Tree Development Zone employees" to restore the meaning originally used under the ETIF program in order to align programs and match past practice. The law also clarifies the status of shifted employees and assigns antishifting oversight to the Department of Economic and Community Development;
3. It establishes that under the 5,000-acre limit, acres need not be contiguous and only developable acres may be counted. It aligns the antipiracy and antishifting provisions by including property in both and clarifies the language regarding antipiracy and antishifting if companies move from nonqualified to qualified activities. The law also repeals the limitation on the number of parcels allowed within a zone, opting instead for a cap on total acres. This permits more communities to participate in each zone as they respond to development project needs;
4. It clarifies that zones were legally constituted when the commissioner issued preliminary designations;
5. It simplifies the amendment process and clarifies that all aspects of a zone's development program may be amended by majority vote of the participating municipalities. Voting responsibilities may be delegated to the zone's governing body. It also permits municipalities to independently shift or delete acres within their own boundaries and clarifies that amendments may not be enacted that jeopardize existing benefits to qualified businesses;
6. It repeals the sales and use tax exemption for sales to contractors of Pine Tree Development Zone businesses and establishes a reimbursement program under which the contractors may recover the tax paid on qualifying purchases;

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7. It limits eligibility for Pine Tree Development Zone credit against the insurance premium tax to 10 years from the commencement of the qualified business activity and clarifies the rules regarding apportionment of the credit by companies that engage in both qualified and nonqualified activities;
8. It limits eligibility for Pine Tree Development Zone credit against the corporate income tax to 10 years from the commencement of the qualified business activity and clarifies the rules regarding apportionment of the credit by corporations that engage in both qualified and nonqualified activities. The law limits the amount of Pine Tree Development Zone credit for a member of a pass-through entity to the amount of tax attributable to taxable income derived from the pass-through entity. The law redefines "affiliated business" under the ETIF program to match the definition under the Maine Revised Statutes, Title 36, Part 8;
9. It repeals the definition of "affiliated group" under the ETIF program and defines "average employment during the base period" for purposes of the ETIF program. Existing law measures employment on December 31st of each year. This change allows measurement of employment at the end of each quarter during the year, creating a more accurate employment picture;
10. It redefines "base level of employment" for purposes of the ETIF program. Existing law measures employment on December 31st of the previous year. This change allows measurement of employment at the end of each quarter during the year, creating a more accurate employment picture. The law updates a statute reference made obsolete by the changes in this amendment;
11. It adds a limitation to the ETIF program stating that "qualified employees" does not include those employees that are shifted to a qualified activity from elsewhere in the company or from an affiliate of the company. This limitation currently exists in a separate section of law;
12. It repeals the section of law that describes the shifting limitation for the ETIF program. The limitation is moved to Title 36, section 6753, subsection 12 in this amendment; and
13. Finally, the law amends the ETIF law to reflect the increase in the top percentage of employment tax increment available to employers for qualified employees in a Pine Tree Development Zone tax increment from 75% to 80%.

Public Law 2005, chapter 351 was enacted as an emergency measure effective June 9, 2005.

**LD 472**

**An Act To Amend the Statewide Building Code**

**PUBLIC 200**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
KOFFMAN COWGER	OTP-AM	H-295

LD 472 proposed to require towns, cities or municipalities that adopt the Maine Model Building Code to also adopt the International Existing Building Code, which is a building rehabilitation code.

**Committee Amendment "A" (H-295)** proposed to require towns, cities or municipalities that adopt a building rehabilitation code to adopt the International Existing Building Code, which is a building rehabilitation code. It also proposed to authorize the State Planning Office to obtain public and private funds to conduct a project that would harmonize the codes and standards currently in law with the Maine Model Building Code and the International Existing Building Code within 3 years. The amendment proposed to require the State Planning