

MAINE STATE LEGISLATURE

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STATE OF MAINE
128TH LEGISLATURE
FIRST SPECIAL, SECOND REGULAR AND SECOND SPECIAL SESSIONS



Summaries of bills, adopted amendments and laws enacted or finally passed

JOINT STANDING COMMITTEE ON TAXATION

October 2018

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STATE OF MAINE

128TH LEGISLATURE

FIRST SPECIAL, SECOND REGULAR AND SECOND SPECIAL SESSIONS



LEGISLATIVE DIGEST OF BILL SUMMARIES AND ENACTED LAWS

This *Legislative Digest of Bill Summaries and Enacted Laws* contain summaries of all LDs and adopted amendments and all laws enacted or finally passed during the First Special, Second Regular and Second Special Sessions of the 128th Maine Legislature.

The *Digest* is arranged alphabetically by committee and within each committee by Legislative Document (LD) number. The committee report(s), prime sponsor and lead co-sponsor(s), if designated, are listed below each LD title. All adopted amendments are summarized and listed by paper number. A subject index is included with each committee. An appendix provides a summary of relevant session statistics.

Final action on each LD is noted to the right of the LD title. The following describes the various final actions.

CARRIED OVER..... carried over to a subsequent session of the Legislature
CON RES XXX..... chapter # of constitutional resolution passed by both houses
CONF CMTE UNABLE TO AGREE..... Committee of Conference unable to agree; legislation died
DIED BETWEEN HOUSES..... House & Senate disagreed; legislation died
DIED IN CONCURRENCE..... defeated in each house, but on different motions; legislation died
DIED ON ADJOURNMENT..... action incomplete when session ended; legislation died
EMERGENCY..... enacted law takes effect sooner than 90 days after session adjournment
FAILED, EMERGENCY ENACTMENT or FINAL PASSAGE..... emergency failed to receive required 2/3 vote
FAILED, ENACTMENT or FINAL PASSAGE..... failed to receive final majority vote
FAILED, MANDATE ENACTMENT..... legislation proposing local mandate failed required 2/3 vote
HELD BY GOVERNOR..... Governor has not signed; final disposition to be determined at subsequent session
LEAVE TO WITHDRAW..... sponsor's request to withdraw legislation granted
NOT PROPERLY BEFORE THE BODY..... ruled out of order by the presiding officer; legislation died
INDEF PP..... indefinitely postponed; legislation died
ONTP, ACCEPTED, MAJORITY, MINORITY or REPORT X... ought-not-to-pass report accepted; legislation died
P&S XXX..... chapter # of enacted private & special law
PUBLIC XXX..... chapter # of enacted public law
RESOLVE XXX..... chapter # of finally passed resolve
VETO SUSTAINED..... Legislature failed to override Governor's veto

The effective dates for non-emergency legislation enacted in the First Special, Second Regular or Second Special Sessions of the 128th Legislature are: Monday, February 5, 2018; Wednesday, August 1, 2018; and Thursday, December 13, 2018, respectively. The effective date for legislation enacted as an emergency measure may be found in the enacted law summary for that legislation.

Joint Standing Committee on Taxation

**LD 1765 An Act To Provide a Source of Revenue To Preserve the Integrity of
Maine's Transportation Infrastructure**

**Accepted Majority
(ONTP) Report**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
PARRY W	ONTP OTP-AM	

This bill, which was submitted by the Department of Transportation, diverts 10% of the sales tax revenue on the sale of motor vehicles and motor vehicle-related items from the General Fund to the Highway Fund and 2% of that revenue from the General Fund to the Multimodal Transportation Fund.

Committee Amendment "A" (H-659)

This amendment, which is the minority report, adds an appropriations and allocations section to authorize expenditure of new funds transferred to the Multimodal Transportation Fund and to provide funding for programming changes.

**LD 1781 An Act To Encourage New Major Investments in Shipbuilding Facilities
and the Preservation of Jobs**

PUBLIC 361

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
DECHANT J VITELLI E	OTP-AM ONTP	H-685 S-425 DOW D

This bill provides a refundable income tax credit for 20 years beginning with tax years that begin on or after January 1, 2020 for major investments in a shipbuilding facility and the employment of at least 5000 qualified employees at that shipbuilding facility. The annual credit is equal to 3% of the shipbuilding facility's total qualified investment, as long as certain employment levels are maintained. In order to qualify for the credit, the shipbuilding facility must make a qualified investment after January 1, 2018 of at least \$100,000,000 in the form of expenditures that are related to the construction, improvement, modernization or expansion of the shipbuilding facility and employ at least 5,000 qualified employees who are provided a retirement program, health insurance and income greater than the average annual per capita income in the State. If the shipbuilding facility employs at least 5,250 employees, the facility is entitled to an amount equal to 110% of the credit. The facility may employ fewer than 5,000 employees in 2 separate years within the 20-year period and still qualify for the credit, but at a prorated reduction. The credit may not be taken after December 31, 2039.

Committee Amendment "A" (H-685)

This amendment, which is the majority report, makes the following changes to the bill.

1. It changes the duration of the tax credit provided by the bill to a maximum of 15 years and requires an investment of at least \$100,000,000 be made to qualify for the first 10 years and an additional investment of \$100,000,000 to qualify for the next five years.
2. It changes the calculation for accelerated credits by changing the number of qualified employees required and providing that the amount of accelerated credit is a specified amount rather than a percentage.
3. It provides a reduced credit for years when employment drops below specified levels and eliminates the availability of exception years.
4. It removes provisions making the credit refundable.

Joint Standing Committee on Taxation

5. It provides that a certified applicant may not receive the credit if it is a qualified Pine Tree Development Zone business or has received a certificate of approval for an employment tax increment financing program.
6. It eliminates language requiring the State and the qualified applicant to enter into an agreement that the State will provide the credit for as long as the qualified applicant meets the requirements of the law on the date the certificate of approval is issued.
7. It adds provisions requiring review of the credit by 2024 by the Office of Program Evaluation and Government Accountability under the tax expenditure review process and changes the reports required by the certified applicant, the Commissioner of Economic and Community Development and the State Tax Assessor to facilitate the review process.
8. It makes changes to clarify the intent of the credit and to improve its administration.

Senate Amendment "A" To Committee Amendment "A" (S-425)

This amendment clarifies the definition of "qualified applicant" and "qualified investment" to ensure that a qualified applicant may not be qualified for both Pine Tree Development Zone benefits or the employment tax increment financing program and the shipbuilding facility investment credit.

Enacted Law Summary

Public Law 2017, chapter 361 provides a nonrefundable income tax credit for 15 years beginning with tax years that begin on or after January 1, 2020 for major investments in a shipbuilding facility and the employment of at least 4,000 qualified employees at that shipbuilding facility.

1. The standard annual credit is \$3,000,000 for an employment level of 5,500 qualified employees and may be increased or decreased depending on the annual level of employment.
2. Qualification for the credit requires that a qualified investment of at least \$100,000,000 be made to qualify for the first 10 years and an additional investment of \$100,000,000 to qualify for the next five years. Qualified investment means expenditures that are related to the construction, improvement, modernization or expansion of the shipbuilding facility
3. Qualification for the standard credit requires that the shipbuilding facility employ at least 5,500 qualified employees who are provided a retirement program, health insurance and income greater than the average annual per capita income in the State. If the shipbuilding facility employs more than 5,500 qualified employees during a year, the facility is entitled to an increased credit up to \$3,500,000 for 7,500 employees. If the facility employs fewer than 5,500 employees, the credit is decreased incrementally to 40% of the standard credit if the number of employees is at least 4,000. If the number of employees is fewer than 4,000, the facility does not qualify for a credit.
4. The credit may not be taken after December 31, 2034.
5. An applicant may not be certified to receive the credit if it is a qualified Pine Tree Development Zone business or has received a certificate of approval for an employment tax increment financing program.
6. The credit must be reviewed by 2024 by the Office of Program Evaluation and Government Accountability under the tax expenditure review process. The certified applicant, the Commissioner of Economic and Community Development and the State Tax Assessor are required to submit reports to facilitate the review process.