

STATE OF MAINE

IN THE YEAR OF OUR LORD  
TWO THOUSAND TWENTY-TWO

H.P. 834 - L.D. 1156

**An Act To Reduce Errors in Employment Tax Increment Financing Benefits**

Be it enacted by the People of the State of Maine as follows:

**Sec. 1. 36 MRSA §6753, sub-§5-B** is enacted to read:

**5-B. Benefit base.** "Benefit base" means the total incremental gross wages paid during the calendar year by a qualified business to qualified employees multiplied by 4.5%.

**Sec. 2. 36 MRSA §6753, sub-§7**, as amended by PL 2005, c. 351, §22 and affected by §26, is further amended to read:

**7. Employment tax increment.** "Employment For reimbursement based on calendar years prior to 2022, "employment tax increment" means that level of employment, payroll and state income withholding taxes attributed to qualified employees employed by a qualified business above the base level for the qualified business, adjusted pursuant to subsection 12 for shifts in employment by affiliated businesses. For reimbursement based on calendar year 2022, and for each calendar year thereafter, "employment tax increment" means the total gross wages paid by a qualified business to qualified employees above the base level of employment for the qualified business.

**Sec. 3. 36 MRSA §6753, sub-§9**, as enacted by PL 1995, c. 669, §5, is amended to read:

**9. Gross employment tax increment.** "Gross For reimbursement based on calendar years prior to 2022, "gross employment tax increment" means that level of employment, payroll and State state income tax withholding taxes attributed to qualified employees employed by a qualified business that is greater than the base level for the qualified business. For reimbursement based on calendar year 2022, and for each calendar year thereafter, "gross employment tax increment" means the total gross wages paid by a qualified business to qualified employees above the base level of employment for the qualified business.

**Sec. 4. 36 MRSA §6753, sub-§9-A** is enacted to read:

**9-A. Gross wages.** "Gross wages" means taxable wages, tips and other compensation included on the wage and tax statement for services performed in this State during the calendar year.

**Sec. 5. 36 MRSA §6754, sub-§1**, as amended by PL 2021, c. 398, Pt. IIII, §7, is further amended to read:

**1. Generally.** Subject to the provisions of subsection 2, a qualified business is entitled to reimbursement of ~~Maine income tax withheld~~ gross wages paid during the calendar year for which reimbursement is requested and attributed to qualified employees after July 1, 1996 in the following amounts.

A. For qualified employees employed by a qualified business in labor market areas in this State in which the labor market unemployment rate is at or below the State's unemployment rate at the time of application, the reimbursement is equal to 30% of ~~Maine income tax withheld~~ the benefit base during each of the first 5 calendar years for which reimbursement is requested and attributed to those qualified employees. The percentage of reimbursement for the 6th to 10th years of the employment tax increment financing development program is established based upon the labor market unemployment rate at the beginning of the 6th year.

B. For qualified employees employed by a qualified business in labor market areas in this State in which the labor market unemployment rate is greater than the State's unemployment rate at the time of application, the reimbursement is equal to 50% of ~~Maine income tax withheld~~ the benefit base during each of the first 5 calendar years for which reimbursement is requested and attributed to those qualified employees. The percentage of reimbursement for the 6th to 10th years of the employment tax increment financing development program is established based upon the labor market unemployment rate at the beginning of the 6th year.

C. For qualified employees employed by a qualified business in labor market areas in this State in which the labor market unemployment rate is greater than 150% of the State's unemployment rate at the time of application, the reimbursement is equal to 75% of ~~Maine income tax withheld~~ the benefit base during each of the first 5 calendar years for which reimbursement is requested and attributed to those qualified employees. The percentage of reimbursement for the 6th to 10th years of the employment tax increment financing development program is established based upon the labor market unemployment rate at the beginning of the 6th year.

D. For qualified Pine Tree Development Zone employees, as defined in Title 30-A, section 5250-I, subsection 18, employed directly in the qualified business activity of a qualified Pine Tree Development Zone business, as defined in Title 30-A, section 5250-I, subsection 17, for whom a certificate of qualification has been issued in accordance with Title 30-A, section 5250-O, the reimbursement under this subsection is equal to 80% of ~~Maine income tax withheld~~ the benefit base each year for which reimbursement is requested and attributed to those qualified employees for a period of no more than 10 years for a tier 1 location as defined in Title 30-A, section 5250-I, subsection 21-A and no more than 5 years for a tier 2 location as defined in Title 30-A, section 5250-I, subsection 21-B. Reimbursement under this paragraph may not be paid for years beginning after December 31, 2033.

**Sec. 6. 36 MRSA §6762** is enacted to read:

**§6762. Benefit calculation for calendar years beginning with 2022**

Notwithstanding any provision of this chapter to the contrary, for requests for reimbursement under this chapter for calendar years beginning after December 31, 2021, the amount of reimbursement must be based on the benefit base for a qualified employer rather than on the amount of income tax withheld for qualified employees. The commissioner and the State Tax Assessor shall take whatever action is necessary to implement this subsection, including the adoption of routine technical rules as defined in Title 5, chapter 375, subchapter 2-A.