

PLEASE NOTE: Legislative Information **cannot** perform research, provide legal advice, or interpret Maine law. For legal assistance, please contact a qualified attorney.

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

**'An Act To Amend the Laws Governing Pine Tree Development Zones'**

Amend the bill by striking out all of section 1 and inserting the following:

**'Sec. 1. 30-A MRSA §5250-I, sub-§21-C** is enacted to read:

**21-C. Tier 3 location.** "Tier 3 location" means a location in Washington County or Aroostook County designated by the department after December 31, 2014 to be eligible for Pine Tree Development Zone benefits for a period of 10 years.

**Sec. 2. 30-A MRSA §5250-J, sub-§3-A,** as amended by PL 2009, c. 652, Pt. D, §1 and affected by §2, is further amended to read:

**3-A. Pine Tree Development Zone classification; tier 1 locations.** Beginning January 1, 2009, the department shall classify the following on an annual basis as tier 1 locations:

A. From January 1, 2009 to December 31, 2009, all units of local government;

B. Beginning January 1, 2010, a unit of local government that is contained in a county other than Cumberland County or York County, as well as a unit of local government that is contained in Cumberland County or York County with a municipal unemployment rate that is 15% higher than its labor market unemployment rate, based upon data published by the Department of Labor from the last completed calendar year;

C. A unit of local government that has been designated by the department as a participating municipality in the Pine Tree Development Zone program as of December 31, 2008;

D. Property within a military redevelopment zone as long as the property is classified by the department no later than December 31, 2018; and

E. Washington County and the Downeast region, including 2 pilot projects to be established by the commissioner:

(1) A pilot project for the property of the former Cutler naval computer and telecommunications station, which may be excluded from the qualified business definitions established under section 5250-I, subsections 16 and 17 if a for-profit business is engaged in, or will engage in, tourism development including recreational tourism, experiential tourism, hotel development and resort facility development; and

(2) A pilot project that allows seasonal employees in seasonal industries based on natural resources to be considered qualified Pine Tree Development Zone employees for the purposes of section 5250-I, subsection 18.

Notwithstanding anything to the contrary in this subsection, beginning January 1, 2015, units of local government in Aroostook County or Washington County may not be classified as tier 1 locations.

**Sec. 3. 30-A MRSA §5250-J, sub-§3-C** is enacted to read:

**3-C. Pine Tree Development Zone classification; tier 3 locations.** Beginning January 1, 2015, the department shall classify all units of local government in Aroostook County and Washington County as tier 3 locations.

**Sec. 4. 30-A MRSA §5250-J, sub-§5**, as repealed and replaced by PL 2009, c. 461, §22, is amended to read:

**5. Termination.** A qualified Pine Tree Development Zone business ~~located in a tier 1 location may not be certified under this subchapter after December 31, 2018, and a qualified Pine Tree Development Zone business located in a tier 2 location may not be certified under this subchapter after December 31, 2013.~~ All Pine Tree Development Zone benefits provided under this subchapter are terminated on December 31, 2028.

**Sec. 5. 36 MRSA §1760, sub-§87**, as amended by PL 2011, c. 285, §5, is further amended to read:

**87. Sales of tangible personal property and transmission and distribution of electricity to qualified development zone businesses.** Beginning July 1, 2005, sales of tangible personal property, and of the transmission and distribution of electricity, to a qualified Pine Tree Development Zone business, as defined in Title 30-A, section 5250-I, subsection 17, for use directly and primarily in one or more qualified business activities, as defined in Title 30-A, section 5250-I, subsection 16. The exemption provided by this subsection is limited for each qualified Pine Tree Development Zone business to sales occurring within a period of 10 years in the case of a business located in a tier 1 location or a tier 3 location, as defined in Title 30-A, section 5250-I, ~~subsections~~subsections 21-A and 21-C, respectively, and 5 years in the case of a business located in a tier 2 location, as defined in Title 30-A, section 5250-I, subsection 21-B, from the date the business is certified pursuant to Title 30-A, section 5250-O or until December 31, 2028, whichever occurs first. As used in this subsection, "primarily" means more than 50% of the time during the period that begins on the date on which the property is first placed in service by the purchaser and ends 2 years from that date or at the time the property is sold, scrapped, destroyed or otherwise permanently removed from service by the purchaser, whichever occurs first.

**Sec. 6. 36 MRSA §2016, sub-§4, ¶A**, as amended by PL 2009, c. 627, §7 and affected by §12, is further amended to read:

A. Reimbursements made by the assessor pursuant to this section are limited to taxes paid in connection with sales of tangible personal property that occur within a period of 10 years in the case of a qualified Pine Tree Development Zone business located in a tier 1 location or a tier 3 location, as defined in Title 30-A, section 5250-I, ~~subsections~~subsections 21-A and 21-C, respectively, and 5 years in the case of a qualified Pine Tree Development Zone business located in a tier 2 location,

as defined in Title 30-A, section 5250-I, subsection 21-B, from the date the qualified Pine Tree Development Zone business receiving the property is certified pursuant to Title 30-A, section 5250-O or by December 31, 2028, whichever occurs first.

**Sec. 7. 36 MRSA §2529, sub-§1, ¶B,** as amended by PL 2009, c. 627, §8 and affected by §12, is further amended to read:

B. For a business located in a tier 1 location or a tier 3 location, as defined in Title 30-A, section 5250-I, ~~subsections~~subsections 21-A and 21-C, respectively, 50% of the tax that would otherwise be due under this chapter upon premiums that are attributable to a qualified business activity as defined in Title 30-A, section 5250-I, subsection 16 for each of the 5 tax years following the time period in paragraph A.

**Sec. 8. 36 MRSA §5219-W, sub-§1, ¶B,** as amended by PL 2009, c. 627, §10 and affected by §12, is further amended to read:

B. For a business located in a tier 1 location or a tier 3 location, as defined in Title 30-A, section 5250-I, ~~subsections~~subsections 21-A and 21-C, respectively, 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.

**Sec. 9. 36 MRSA §6754, sub-§1, ¶D,** as amended by PL 2011, c. 240, §44, is repealed and the following enacted in its place:

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:

(1) For a period of no more than 10 years, 80% of Maine income tax withheld each year for which reimbursement is requested and attributed to those qualified employees of a qualified Pine Tree Development Zone business located in a tier 1 location as defined in Title 30-A, section 5250-I, subsection 21-A;

(2) For a period of no more than 5 years, 80% of Maine income tax withheld each year for which reimbursement is requested and attributed to those qualified employees of a qualified Pine Tree Development Zone business located in a tier 2 location as defined in Title 30-A, section 5250-I, subsection 21-B; or

(3) For a period of no more than 10 years, 100% of Maine income tax withheld each year for which reimbursement is requested and attributed to those qualified employees of a qualified Pine Tree Development Zone business located in a tier 3 location as defined in Title 30-A, section 5250-I, subsection 21-C.

Reimbursement under this paragraph may not be paid for years beginning after December 31, 2028.'

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

## **SUMMARY**

This amendment is the minority report of the committee. Beginning January 1, 2015, it establishes a new tier 3 Pine Tree Development Zone classification for all units of local government in Aroostook County and Washington County. It provides for Pine Tree Development Zone benefits and expanded employment tax increment financing benefits for businesses located in a tier 3 location. It removes the units of local government in Aroostook County and Washington County from eligibility for designation as a tier 1 location.

It extends until December 31, 2018 the ability of a qualified Pine Tree Development Zone business in any tier location to be certified to receive Pine Tree Development Zone benefits until the benefits are terminated on December 31, 2028. Currently the expiration for certification for businesses in a tier 2 location is December 31, 2013.

## **FISCAL NOTE REQUIRED**

**(See attached)**