



# 130th MAINE LEGISLATURE

## SECOND REGULAR SESSION-2022

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Legislative Document

No. 1919

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H.P. 1425

House of Representatives, January 12, 2022

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**An Act To Encourage Job Growth in the Forest Products Sector  
through Tax Incentives**

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Approved for introduction by a majority of the Legislative Council pursuant to Joint Rule 203.

Received by the Clerk of the House on January 10, 2022. Referred to the Committee on Taxation pursuant to Joint Rule 308.2 and ordered printed pursuant to Joint Rule 401.

A handwritten signature in cursive script that reads "R B. Hunt".

ROBERT B. HUNT  
Clerk

Presented by Representative EVANS of Dover-Foxcroft.  
Cosponsored by President JACKSON of Aroostook and  
Representatives: COLLINGS of Portland, Speaker FECTION of Biddeford, McCREA of Fort  
Fairfield, PERRY of Calais.

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

2 **Sec. 1. 36 MRSA §6753, sub-§8-A** is enacted to read:

3 **8-A. Forest products business.** "Forest products business" means a business engaged  
4 commercially in:

5 A. Timber harvesting, as defined in Title 12, section 8868, subsection 4;

6 B. The delivery of raw materials to a wood products facility;

7 C. Activities that are dependent on the production of wood fiber;

8 D. The processing of trees as a renewable resource for wood or biomass or for direct  
9 timber sales;

10 E. The production of trees for ornamental plantings or woody material for composite  
11 products or for use as a combustion energy source; or

12 F. Other timber harvesting activities such as the construction and maintenance of roads  
13 used primarily for timber harvesting and other activities conducted to facilitate timber  
14 harvesting, including, but not limited to, the mining of gravel used for the construction  
15 and maintenance of roads used primarily for timber harvesting and other activities  
16 conducted to facilitate timber harvesting.

17 **Sec. 2. 36 MRSA §6753, sub-§11**, as amended by PL 2001, c. 157, §1, is further  
18 amended to read:

19 **11. Qualified business.** "Qualified business" means any for-profit business in this  
20 State, other than a public utility as defined by Title 35-A, section 102, that adds 5 or more  
21 qualified employees above its base level of employment in this State within any 2-year  
22 period commencing on or after January 1, 1996, or, in the case of a forest products business,  
23 adds one or more qualified employees above its base level of employment in this State  
24 within a one-year period commencing on or after January 1, 2023, and that meets one of  
25 the following criteria:

26 A. The business is not engaged in retail operations;

27 B. The business is engaged in retail operations but less than 50% of its total annual  
28 revenues from Maine-based operations are derived from sales taxable in this State; or

29 C. The business is engaged in retail operations and can demonstrate to the  
30 commissioner by a preponderance of the evidence that any increased sales will not  
31 include sales tax revenues derived from a transferring or shifting of retail sales from  
32 other businesses in this State; or

33 D. The business is a forest products business.

34 For purposes of this subsection, "retail operations" means sales of consumer goods for  
35 household use to consumers who personally visit the business location to purchase the  
36 goods.

37 **Sec. 3. 36 MRSA §6753, sub-§12**, as amended by PL 2015, c. 368, §5, is repealed  
38 and the following enacted in its place:

39 **12. Qualified employee.** Except as provided in paragraph A or B, "qualified  
40 employee" means a new, full-time employee hired in this State by a qualified business for

1 whom a retirement program subject to the Employee Retirement Income Security Act of  
2 1974, 29 United States Code, Chapter 18 and group health insurance are provided and  
3 whose income derived from employment with the applicant, calculated on a calendar year  
4 basis, is greater than the most recent annual per capita personal income in the county in  
5 which the qualified employee is employed, as long as Maine income tax withholding  
6 attributed to the qualified employee is subject to reimbursement to the qualified business  
7 under this chapter.

8 A. For an employee in a call center in Aroostook County or Washington County,  
9 "qualified employee" means a new, full-time employee hired in this State by a qualified  
10 business for whom a retirement program subject to the Employee Retirement Income  
11 Security Act of 1974, 29 United States Code, Chapter 18 and group health insurance  
12 are provided and whose income derived from employment with the applicant,  
13 calculated on a weekly basis, is greater than the average weekly wage for the most  
14 recent available calendar year as derived from the quarterly census of employment and  
15 wages and provided annually by the Department of Labor, as long as Maine income  
16 tax withholding attributed to the qualified employee is subject to reimbursement to the  
17 qualified business under this chapter. The calculation of the average weekly wage must  
18 include data from the counties of Androscoggin, Aroostook, Franklin, Hancock,  
19 Kennebec, Knox, Lincoln, Oxford, Penobscot, Piscataquis, Sagadahoc, Somerset,  
20 Waldo and Washington. With respect to a call center in Aroostook County or  
21 Washington County, in a county in which the average annual unemployment rate at the  
22 time of certification for the most recent calendar year is greater than the state average  
23 for the same year, the wage threshold is 90% of the average weekly wage as derived  
24 from the quarterly census of employment and wages. With respect to a call center in  
25 Aroostook County or Washington County and upon approval of the commissioner, a  
26 qualified business located in a county in which the average annual unemployment rate  
27 at the time of certification for the most recent calendar year is greater than the state  
28 average for that same year qualifies for a phase-in of salary threshold requirements.  
29 Except for a call center in Aroostook County or Washington County as otherwise  
30 provided in this paragraph, a qualified business under this provision must meet 70% of  
31 the average weekly wage as derived from the quarterly census of employment and  
32 wages in the first year of certification, 80% of the average weekly wage as derived  
33 from the quarterly census of employment and wages in the 2nd year of certification  
34 and 90% of the average weekly wage as derived from the quarterly census of  
35 employment and wages in all following years of certification. Failure to meet any of  
36 these requirements results in automatic revocation of certification.

37 B. For an employee employed by a qualified business that is a forest products business,  
38 "qualified employee" means a new employee hired in this State by the qualified  
39 business who is employed for at least 900 hours in a calendar year by the qualified  
40 business and for whom a retirement program subject to the Employee Retirement  
41 Income Security Act of 1974, 29 United States Code, Chapter 18 and group health  
42 insurance are provided and whose income derived from employment with the  
43 applicant, calculated on a calendar year basis, is greater than the most recent annual  
44 per capita personal income in the county in which the qualified employee is employed,  
45 as long as Maine income tax withholding attributed to the qualified employee is subject  
46 to reimbursement to the qualified business under this chapter.

1 "Qualified employee" does not include an employee who is shifted to a qualified business  
2 from an affiliated business. The commissioner shall determine whether a shifting of  
3 employees has occurred.

4 **Sec. 4. 36 MRSA §6754, sub-§1, ¶E** is enacted to read:

5 E. For a qualified business that is a forest products business in this State,  
6 notwithstanding any provision of this chapter to the contrary, the reimbursement is  
7 equal to:

8 (1) Up to 160 hours of the labor costs for both the qualified employee and another  
9 employee of the qualified business who is training that qualified employee;

10 (2) The cost of training and equipment, other than the cost of labor, required to  
11 train a qualified employee; and

12 (3) A percentage of the amount of Maine income tax withheld for a qualified  
13 employee as follows:

14 (a) For the first calendar year of employment, 80%;

15 (b) For the 2nd calendar year of employment, 70%; and

16 (c) For the 3rd calendar year of employment, 60%.

17 For purposes of this paragraph, an employee who meets the definition of "qualified  
18 employee" but for the failure to work at least 900 hours in the calendar year of that  
19 employee's first year of employment with a qualified business that is a forest products  
20 business is deemed to complete that employee's first year of employment on December  
21 31st of the calendar year following the hire of that employee and a qualified employer  
22 may obtain reimbursement for the costs incurred pursuant to subparagraphs (1) and (2)  
23 and subparagraph (3), division (a) as long as that employee is a qualified employee.

## 24 SUMMARY

25 This bill amends the Maine Employment Tax Increment Financing Act to allow  
26 employers engaged in the forest products business, which includes timber harvesting and  
27 the processing of trees as a renewable resource for wood or biomass, that otherwise would  
28 not meet the minimum requirements for participation, which include adding 5 new full-  
29 time employees, to be eligible for reimbursement of certain training and other costs.

30 This bill allows a qualified forest products business that adds at least one new employee  
31 who works a minimum of 900 hours in a calendar year to be eligible for reimbursement  
32 for:

33 1. Up to 160 hours of the labor costs for both the new employee and the person training  
34 that employee;

35 2. The cost of training and equipment, other than the cost of labor, necessary to train  
36 that new employee; and

37 3. A percentage of Maine income tax withheld for a new employee in the first 3 years  
38 of employment as follows:

39 A. For the first calendar year of employment, 80%;

40 B. For the 2nd calendar year of employment, 70%; and

1           C. For the 3rd calendar year of employment, 60%.

2           If a new employee does not work at least 900 hours in the first calendar year of  
3 employment, the partial first year of employment and the calendar year following that  
4 employee's start is considered the first year of employment for purposes of determining the  
5 percentage of reimbursement as long as that employee meets the requirements during the  
6 first full year of employment. Additionally, the costs of training incurred by the employer  
7 and the amount equal to the tax withheld for that new employee during that partial calendar  
8 year of employment may be claimed by the employer in the calendar year following the  
9 employee's start, as long as that employee meets all the requirements for qualification,  
10 including working at least 900 hours.