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Date: (Filing No. H-)

TAXATION

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**STATE OF MAINE
HOUSE OF REPRESENTATIVES
130TH LEGISLATURE
SECOND REGULAR SESSION**

COMMITTEE AMENDMENT “ ” to H.P. 834, L.D. 1156, “An Act To Reduce Errors in Employment Tax Increment Financing Benefits”

Amend the bill in section 1 in subsection 5-B in the last 2 lines (page 1, lines 4 and 5 in L.D.) by striking out the following: "the benefit percentage" and inserting the following: '4.5%'

Amend the bill by striking out all of section 2.

Amend the bill by striking out all of section 3 and inserting the following:

'Sec. 3. 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.'

Amend the bill by striking out all of section 4 and inserting the following:

'Sec. 4. 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

COMMITTEE AMENDMENT

1 qualified business to qualified employees above the base level of employment for the
2 qualified business.'

3 Amend the bill by striking out all of section 5 and inserting the following:

4 '**Sec. 5. 36 MRSA §6753, sub-§9-A** is enacted to read:

5 **9-A. Gross wages.** "Gross wages" means taxable wages, tips and other compensation
6 included on the wage and tax statement for services performed in this State during the
7 calendar year.

8 **Sec. 6. 36 MRSA §6754, sub-§1**, as amended by PL 2021, c. 398, Pt. III, §7, is
9 further amended to read:

10 **1. Generally.** Subject to the provisions of subsection 2, a qualified business is entitled
11 to reimbursement of ~~Maine income tax withheld~~ gross wages paid during the calendar year
12 for which reimbursement is requested and attributed to qualified employees after July 1,
13 1996 in the following amounts.

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

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

30 C. For qualified employees employed by a qualified business in labor market areas in
31 this State in which the labor market unemployment rate is greater than 150% of the
32 State's unemployment rate at the time of application, the reimbursement is equal to
33 75% of ~~Maine income tax withheld~~ the benefit base during each of the first 5 calendar
34 years for which reimbursement is requested and attributed to those qualified
35 employees. The percentage of reimbursement for the 6th to 10th years of the
36 employment tax increment financing development program is established based upon
37 the labor market unemployment rate at the beginning of the 6th year.

38 D. For qualified Pine Tree Development Zone employees, as defined in Title 30-A,
39 section 5250-I, subsection 18, employed directly in the qualified business activity of a
40 qualified Pine Tree Development Zone business, as defined in Title 30-A, section
41 5250-I, subsection 17, for whom a certificate of qualification has been issued in
42 accordance with Title 30-A, section 5250-O, the reimbursement under this subsection
43 is equal to 80% of ~~Maine income tax withheld~~ the benefit base each year for which
44 reimbursement is requested and attributed to those qualified employees for a period of

1 no more than 10 years for a tier 1 location as defined in Title 30-A, section 5250-I,
2 subsection 21-A and no more than 5 years for a tier 2 location as defined in Title 30-A,
3 section 5250-I, subsection 21-B. Reimbursement under this paragraph may not be paid
4 for years beginning after December 31, 2033.'

5 Amend the bill in section 6 in §6762 in the first indented paragraph in the 2nd line
6 (page 2, line 37 in L.D.) by striking out the following: "with 2022" and inserting the
7 following: 'after December 31, 2021'

8 Amend the bill by striking out all of section 7.

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

11 **SUMMARY**

12 This amendment simplifies the calculation of the employment tax increment financing
13 benefits based on gross wages, clarifies that the changes apply to calendar years beginning
14 with 2022 and removes an unneeded provision requiring the Commissioner of Economic
15 and Community Development and the State Tax Assessor to submit implementing
16 language.

17 **FISCAL NOTE REQUIRED**

18 **(See attached)**