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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. 1425, L.D. 1919, “An Act To Encourage Job Growth in the Forest Products Sector through Tax Incentives”

Amend the bill by striking out everything after the enacting clause and inserting the following:

**Sec. 1. 5 MRSA §13056, sub-§7**, as amended by PL 2003, c. 159, §3, is further amended to read:

**7. Contract for services.** When contracting for services, to the maximum extent feasible, seek to use the State's private sector resources in conducting studies, providing services and preparing publications; ~~and~~

**Sec. 2. 5 MRSA §13056, sub-§8**, as enacted by PL 2003, c. 159, §4, is amended to read:

**8. Lead agency for business assistance in response to certain events.** Be the lead agency for the State to provide information and business assistance to employers and businesses as part of the State's response to an event that causes the Department of Labor to carry out rapid-response activities as described in 29 United States Code, Sections 2801 to 2872 (2002); ~~and~~

**Sec. 3. 5 MRSA §13056, sub-§9** is enacted to read:

**9. Certify certain businesses.** Annually certify businesses that are qualified to receive the timber harvesting business tax credit under Title 36, section 5215-A and provide a copy of each certification to the State Tax Assessor.

**Sec. 4. 36 MRSA §5215-A** is enacted to read:

**§5215-A. Credit for timber harvesting sector job growth**

**1. Definitions.** As used in this section, unless the context otherwise indicates, the following terms have the following meanings.

**COMMITTEE AMENDMENT**

1           A. "Base level of employment" means the average number of employees employed by  
2           the employer during the previous tax year or the previous 3 tax years, whichever is  
3           greater.

4           B. "Commissioner" means the Commissioner of Economic and Community  
5           Development.

6           C. "Full-time" means an average of at least 36 hours weekly.

7           D. "Qualified employee" means a new, full-time employee of a qualified timber  
8           harvesting business who:

9                   (1) Works full time during the tax year for which the credit is claimed or, if the  
10                   employee is employed for only part of the tax year, the employee works at least  
11                   900 hours during the tax year in employment that is primarily timber harvesting or  
12                   timber harvesting activities;

13                   (2) Is hired in this State by a qualified timber harvesting business and spends at  
14                   least 90% of the qualified employee's work time in the State;

15                   (3) Is covered by the Employment Security Law; and

16                   (4) Derives income from employment with a qualified timber harvesting business  
17                   that, calculated on a calendar year basis, is equal to or greater than the most recent  
18                   annual per capita personal income in the county in which the employee is  
19                   employed.

20           "Qualified employee" does not include an employee who is shifted to the qualified  
21           timber harvesting business from an affiliated business or an individual with 6 months  
22           of paid experience trained in mechanical timber harvesting or transfer of forest  
23           products as defined in Title 12, section 8881, subsection 3.

24           E. "Qualified timber harvesting business" means a for-profit business certified by the  
25           commissioner pursuant to Title 5, section 13056, subsection 9 that adds one or more  
26           new qualified employees above its base level of employment in this State within a tax  
27           year beginning on or after January 1, 2023 and that has at least 75% of its business  
28           activities involved in the following:

29                   (1) Timber harvesting as defined in Title 12, section 8868, subsection 4 or timber  
30                   harvesting activities as defined in Title 12, section 8868, subsection 5; or

31                   (2) Delivering timber, wood chips, wood fiber or plant fiber to a roundwood  
32                   processing operation as defined in Title 12, section 8881, subsection 10.

33           **2. Credit.** For tax years beginning on or after January 1, 2023, a qualified timber  
34           harvesting business is entitled to a refundable credit against the tax otherwise due under  
35           this Part for each qualified employee. The credit may not be claimed for more than 5  
36           qualified employees in any tax year or for more than 3 years for any one qualified  
37           employee. The credit is equal to:

38                   A. For the first tax year that a qualified employee is employed, \$7,500 per qualified  
39                   employee;

40                   B. For the 2nd tax year that a qualified employee is employed, \$5,000 per qualified  
41                   employee; or

1 C. For the 3rd tax year that a qualified employee is employed, \$3,000 per qualified  
2 employee.

3 **3. Limitation.** A qualified timber harvesting business may not claim a credit under  
4 this section during a tax year in which the business is receiving a tax credit under another  
5 provision of state law or any other state incentive payment for training new employees in  
6 timber harvesting or timber harvesting activities.

7 **4. Rulemaking.** The commissioner may adopt routine technical rules as defined in  
8 Title 5, chapter 375, subchapter 2-A to implement this section and to require a qualified  
9 timber harvesting business to report information necessary to facilitate the evaluation  
10 required under subsection 5.

11 **5. Evaluation.** The credit provided under this section is subject to ongoing legislative  
12 review in accordance with Title 3, chapter 37. The Office of Program Evaluation and  
13 Government Accountability shall submit an evaluation of the credit provided under this  
14 section to the joint legislative committee established to oversee program evaluation and  
15 government accountability and the joint standing committee of the Legislature having  
16 jurisdiction over taxation matters. In developing evaluation parameters to perform the  
17 review, the office shall consider:

18 A. That the specific public policy objectives of the credit provided under this section  
19 are:

20 (1) To create new jobs in the State by means of timber harvesting businesses  
21 recruiting and training new employees in the State for jobs in the timber harvesting  
22 sector; and

23 (2) To directly and indirectly improve the overall economy of the State, including  
24 the economic sectors of timber harvesting and small business, improve  
25 employment in rural areas and expand the tax base; and

26 B. Performance measures, including, but not limited to:

27 (1) The number, geographic distribution and income of full-time employees added  
28 or retained during a period being reviewed who would not have been added or  
29 retained in the absence of the credit;

30 (2) The increase in value in qualified timber harvesting businesses located in the  
31 State; and

32 (3) Direct and indirect economic benefits to the State attributable to timber  
33 harvesting activities conducted by businesses receiving a credit under this section.

34 **Sec. 5. Appropriations and allocations.** The following appropriations and  
35 allocations are made.

36 **ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF**  
37 **Revenue Services, Bureau of 0002**

38 Initiative: Provides one-time funding for computer programming costs to add lines to the  
39 individual, fiduciary and corporate income tax returns.

40 <b>GENERAL FUND</b>	<b>2021-22</b>	<b>2022-23</b>
41 All Other	\$0	\$33,000

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COMMITTEE AMENDMENT “ ” to H.P. 1425, L.D. 1919

1 or greater than the most recent annual per capita personal income in the county in which  
2 the employees are employed.

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**FISCAL NOTE REQUIRED**

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**(See attached)**