

**TESTIMONY OF  
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DEPARTMENT OF ADMINISTRATIVE AND FINANCIAL SERVICES**

Before the Joint Standing Committee on Housing and Economic Development  
Hearing Date: *May 9, 2025*

LD 1819 – “*An Act Regarding the Brunswick Naval Air Station Job Increment  
Financing Fund*”

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Senator Curry, Representative Gere, and members of the Housing and Economic Development Committee – good morning, my name is Michael Allen, Associate Commissioner for Tax Policy in the Department of Administrative and Financial Services. I am testifying at the request of the Administration Neither For Nor Against LD 1819, “*An Act Regarding the Brunswick Naval Air Station Job Increment Financing Fund.*”

This testimony is limited to Sections 1 through 5 of the bill as they relate to Maine Revenue Services. The bill proposes the following changes relative to the Brunswick Naval Air Station (BNAS) Job Increment Financing Fund, which is administered by the Commissioner of the Department of Administrative and Financial Services:

(1) Section 1 of the bill adds a definition for “remote employee” and extends the information required to be reported by April 15 of each year by each employer in the base area to the Department of Economic and Community Development (DECD) to include information relative to remote employees. I note here that the LD Summary indicates the bill intends to include remote workers within the definition of employee for purposes of calculating the net job tax increment. However, as currently written, the bill language does not link the new definition to that inclusion. The bill should be amended to

clarify when “remote employees” are to be included in the job tax increment under 5 M.R.S. § 13083-S-1(1)(H).

(2) Section 2 of the bill changes the allocation of payments made to the fund beginning January 1, 2026, to 75% allocated to the Midcoast Regional Redevelopment Authority (MRRA) and 25% allocated to the Southern Maine Community College (SMCC). The current allocation of payments is 50% to both the Midcoast Regional Redevelopment Authority (MRRA) and the Southern Maine Community College (SMCC).

(3) Section 3 extends the sunset date of the fund from January 1, 2031, to January 1, 2051, and increases the minimum number of net new jobs from 5,000 to 8,000 that triggers a requirement for legislative review prior to the sunset date.

(4) Section 5 increases the payment of revenue to the fund from 50% of the job tax increment and 50% of the remaining benefit base to 100% of both the job tax increment and the remaining benefit base.

Under current law, the job tax increment is generally equal to the total income tax withholding attributable to employees employed within the base area above the base level of employment for an employer in the base area and does not include withholding attributable to employees whose wages are included in computing the benefit base eligible for reimbursement under the Employment Increment Financing (“ETIF”) program.

The remaining benefit base is currently the unreimbursed portion of an employer’s ETIF program benefit base attributed to employees employed within the base area. Generally, an employee working outside the base area less than 50% of the time is counted as an employee employed in the base area. The program is

set to sunset beginning with calendar year 2031. If at least 5,000 net new jobs are created in the base are prior to 2031, the fund is subject to legislative review to determine whether continuance of the program is necessary.

The Administration notes the following technical concerns with the bill:

- The bill does not contain an application date relative to Sections 1 and 5. Also, as currently written, Section 4 applies retroactively to 2021.
- As noted above, the bill summary indicates that the bill includes remote workers in the calculation of the State disbursement to the fund. However, as currently written, the bill language does not expressly provide for that inclusion. The bill should be amended to clarify when “remote employees” may be included in the job tax increment under 5 M.R.S. § 13083-S-1(1)(H).
- It is unclear how the inclusion of remote employees may affect the employee shifting restrictions included in the definition of job tax increment under 5 M.R.S. § 13083-S-1(1)(H).
- The definition of remote employee is not limited to employees working in Maine.

The preliminary estimated fiscal impact is not available at this time.

The preliminary estimated administrative costs are nominal and can be absorbed within current budgetary allotments.

The Administration looks forward to working with the Committee on the bill. Members of MRS are available for the work session if requested by the Committee.