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THE MAINE SENATE  
131st Legislature

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**Testimony in Support of LD 2258**  
***An Act to Create an Income Tax Credit for Investments in a Team's Qualified Minor League  
Baseball Facility to Keep the Team in the State***

**Presented to the Joint Standing Committee on Taxation**  
March 14, 2024

Senator Grohoski, Representative Perry and esteemed members of the Joint Standing Committee on Taxation my name is Troy Jackson. I have the honor of serving as President of the Maine Senate and proudly represent the good people of Aroostook County. I am here today to present LD 2258, "*An Act to Create an Income Tax Credit for Investments in a Team's Qualified Minor League Baseball Facility to Keep the Team in the State.*"

This bill would create a targeted tax credit to help the Portland Sea Dogs make critical upgrades to the city-owned Hadlock Field, including making the stadium ADA-compliant. This is necessary for the minor league team to not only retain its affiliation with Major League Baseball but also ensure Mainers and tourists with disabilities can enjoy this beloved American pastime.

The Portland Sea Dogs have become a well-known fixture across the state contributing to our communities and economy. A 2021 economic impact study determined that in 2019, the Sea Dogs Organization contributed \$28 million in total economic output, supported 447 full- and part-time jobs, and generated \$9.1 million in labor income.

The team's economic success and contributions are likely linked to their regular success on the field. Since partnering with the Boston Red Sox more than two decades ago, the Sea Dogs have advanced to the playoffs six times, celebrated a pair of division titles in 2005 and 2014, and captured the first Eastern League championship in franchise history in 2006. Over 100 Sea Dogs players have gone on to play for the Red Sox. Former Sea Dogs contributed to the Red Sox World Series Championships in 2004, 2007, 2013, and 2018.

As a result, the Sea Dogs receive high marks for attendance compared to other minor league teams. People like to see the home team win or at the very least play a game worth watching. Hadlock Field can seat 7,368 fans. Average attendance for the 2023 season was at 6,121 fans a night — up from the previous year. Recent data ranks the Sea Dogs 18 out of 120 minor league teams for the highest average attendance.

As important as the team's success is on the field, the Portland Sea Dogs are as invested in Maine as Mainers are in the team. This is reflected in their in-stadium fundraising, monetary donations, and in-kind gifts to local charities. "Strike Out Cancer in Kids" — the team's official charity — has raised over five million dollars for Maine children fighting cancer since 1995. Additionally, the team has donated to the Barbara Bush Children's Hospital, the Good Shepherd Food Bank, Through These Doors and so many others.

Maine has an economic and community interest in keeping the Portland Sea Dogs in Maine. The critical upgrades are essential to realizing these interests. When Major League Baseball took over management of Minor Leagues Baseball in 2021, they eliminated 43 teams. They also rolled out specific stadium requirements with a deadline of April 2025. This means the team risks relocation if MLB standards are not met. Sea Dogs President and General Manager, Geoff Iacuesa, estimates the cost to be about \$10 million to renovate the facility to meet the requirements. He shared that the organization is committed to staying in Maine for the long term and stated that a small incentive from the state will go a long way in making it a reality.

This bill creates a refundable income tax credit of up to \$200,000 per year with a lifetime cap of \$2 million. It would be available for a qualified investment of at least \$1,000,000 but no more than \$15,000,000 by a certified applicant in a qualified professional baseball facility in the State. The annual amount of the tax credit would be determined by the qualified investment.

There has been a lot of criticism regarding the use of public funds to finance in full or in large-part private sports arenas. I want to be clear that this bill does not seek to do that — Maine has significant needs, and huge giveaways like that would be disrespectful to working families, older Mainers and small businesses. Rather, this bill establishes a reasonable tax credit with benchmarks to support good-paying jobs, capital investments that generate substantial economic activity and a commitment to remain in Maine.

Maine has a history of enacting tax credits that support good-paying jobs and bolster the state's economy. Some good examples include the tax credits utilized by IDEXX in Westbrook, BIW in Bath and Penobscot McCrum in Washburn. This tax credit aligns with that work and the state's community and economic interests.

Baseball is often celebrated as America's favorite pastime. However, this can only be true if all Americans can navigate the stadium and sit in the stands. This bill brings us closer to that goal for Sea Dogs fans and all visitors to Hadlock Field.

Thank you for your time today. I hope you will join me in supporting this strategic tax credit that will incentivize economic investment, create good-paying jobs and make Hadlock Field more accessible to all Mainers. I would be happy to answer any questions.

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## **An Act to Create an Income Tax Credit for Investments in a Team's Qualified Minor League Baseball Facility to Keep the Team in the State**

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

**Sec. 1. 36 MRSA §5122, sub-§1, ¶QQ** is enacted to read:

QQ. For taxable years beginning on or after January 1, 2025:

(1) An amount equal to the net increase in depreciation attributable to the depreciation deduction claimed by the taxpayer under the Code, Section 168(k) with respect to a facility placed in service in the State during the taxable year for which a credit is claimed under section 5219-BBB for that taxable year; and

(2) An amount equal to the net increase in depreciation attributable to the depreciation deduction claimed by the taxpayer under the Code, Section 168(k) with respect to a facility for which a credit is not claimed under section 5219-BBB.

As used in this paragraph, "facility" means a qualified professional baseball facility, as defined in section 5219-BBB, paragraph F, that is the subject of a qualified investment, as defined in section 5219-BBB, paragraph E.

**Sec. 2. 36 MRSA §5200-A, sub-§1, ¶LL** is enacted to read:

LL. For taxable years beginning on or after January 1, 2025:

(1) An amount equal to the net increase in depreciation attributable to the depreciation deduction claimed by the taxpayer under the Code, Section 168(k) with respect to a facility placed in service in the State during the taxable year for which a credit is claimed under section 5219-BBB for that taxable year; and

(2) An amount equal to the net increase in depreciation attributable to the depreciation deduction claimed by the taxpayer under the Code, Section 168(k) with respect to a facility for which a credit is not claimed under section 5219-BBB.

As used in this paragraph, "facility" means a qualified professional baseball facility, as defined in section 5219-BBB, paragraph F, that is the subject of a qualified investment, as defined in section 5219-BBB, paragraph E.

**Sec. 3. 36 MRSA §5219-BBB** is enacted to read:

### **§5219-BBB. Credit for investment in qualified professional baseball facilities in the State**

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

A. "Certified applicant" means a qualified applicant that has received a certificate of approval from the commissioner pursuant to subsection 2.

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

C. "Full-time" means an average of at least 36 hours weekly during the period of measurement.

D. "Qualified applicant" means an applicant that, at the time the application for a certificate of approval is submitted pursuant to subsection 2, operates a qualified professional baseball facility.

E. "Qualified investment" means an investment made between October 1, 2023 and November 30, 2026 of at least \$1,000,000 but not more than \$15,000,000 to design, permit, construct, modify, equip or expand a qualified professional baseball facility. The expenditures of a qualified applicant and other entities, whether or not incorporated, that are part of a single business enterprise must be aggregated to determine whether a qualified investment has been made.

F. "Qualified professional baseball facility" means real and personal property in the State, including one or more structures and the equipment, machinery, fixtures and personal property located in, on, over, under and adjacent to those structures, used for the operation of a minor league baseball team that is recognized by a national organization of major or minor league baseball teams.

**2. Procedures for application; certificate of approval.** This subsection governs the procedures for applying for and obtaining a certificate of approval.

A. An applicant may apply to the commissioner for a certificate of approval. An applicant shall submit to the commissioner information demonstrating that the applicant is a qualified applicant. Such information must include an agreement by the applicant that all employees and subcontractors of the applicant are provided fair minimum wages and benefits at a rate specified in Title 26, section 1306 or **greater the municipal requirement, whichever is greater.**

B. Within 30 days of receipt of an application for a certificate of approval submitted pursuant to paragraph A, the commissioner shall determine whether the applicant is a qualified applicant and shall issue either a certificate of approval as a certified applicant or a written denial indicating why the applicant is not qualified. A certificate of approval issued by the commissioner must describe the qualified investment and specify the total amount of qualified investment approved under the certificate of approval.

C. A certified applicant shall apply to the commissioner for a certificate of completion. If the commissioner determines that the certified applicant has made a qualified investment, the commissioner shall issue a certificate of completion to the certified applicant as soon as is practicable. The certificate of completion must state the amount of qualified investment made by the certified applicant. **Certifications by the commissioner will not exceed the total expense.**

D. If a certified applicant intends to transfer the qualified professional baseball facility prior to completion of the qualified investment, the certified applicant must obtain approval from the commissioner to transfer the certificate of approval or, if the certified applicant has obtained a certificate of completion, that certificate of completion to the transferee. The commissioner shall approve the transfer of the certificate of approval or the certificate of completion only if at least one of the following conditions is satisfied:

(1) The transferee is a member of the certified applicant's unitary affiliated group at the time of the transfer; or

(2) The commissioner finds that the transferee will, and has the capacity to, maintain operations of the qualified professional baseball facility in a manner that meets the minimum qualifications for continued eligibility for the tax credit under this section after the transfer occurs.

If the commissioner approves the transfer of the certificate of approval or the certificate of completion, the transferee, from the date of the transfer, must be treated as the certified applicant and as eligible to claim any remaining tax credit under the certificate of approval or the certificate of completion that has

not been previously claimed by the original certified applicant as long as the transferee meets the same eligibility requirements and conditions for the tax credit as applied to the original certified applicant.

**3. Refundable tax credit allowed.** Beginning with the tax year during which a certificate of completion is issued under subsection 2, paragraph C, a certified applicant is allowed a credit against the ~~tax due~~ **qualified investment** under this Part for the taxable year in an amount equal to ~~10%~~ **20%** of the certified applicant's qualified investment. A credit under this section for a certified applicant may not exceed ~~\$100,000~~ **\$200,000 per year and \$1,000,000** ~~\$2,000,000~~ in cumulative total.

**4. Reporting required.** A certified applicant, the commissioner and the assessor are required to make reports pursuant to this subsection.

A. On or before March 1st of each year, beginning in 2025, a certified applicant shall file a report with the commissioner for the tax year ending during the immediately preceding calendar year, referred to in this subsection as "the report year," containing the following information:

- (1) The incremental amount of qualified investment made by the certified applicant in the report year;
- (2) The number of full-time employees based in this State of the certified applicant on the last day of the report year;
- (3) The total number of any additional full-time employees in the State added by the certified applicant since the date a certificate of approval was issued pursuant to subsection 2, paragraph B and since the last annual report;
- (4) The average and median wages of all full-time employees of the certified applicant; and
- (5) The percentage and number of full-time employees of the certified applicant who have access to retirement benefits and health benefits.

The commissioner may prescribe forms for the annual report described in this paragraph. The commissioner shall provide copies of the report to the assessor and to the joint standing committee of the Legislature having jurisdiction over taxation matters at the time the report is received.

B. On or before April 1st of each year, beginning in 2025, the commissioner shall report to the joint standing committee of the Legislature having jurisdiction over taxation matters aggregate data on qualified investment amounts of each certified applicant for each year that the certified applicant claimed a tax credit under this section.

C. On or before December 31st of each year, beginning in 2025, the assessor shall report to the joint standing committee of the Legislature having jurisdiction over taxation matters the revenue loss during the report year as a result of this section for each certified applicant claiming the tax credit and, if necessary, shall include updated revenue loss amounts for any previous tax year. For purposes of this paragraph, "revenue loss" means the tax credit claimed by the taxpayer and allowed pursuant to this section, consisting of the amount of the credit used to reduce the tax liability of the taxpayer and the amount of the credit refunded to the taxpayer, stated separately.

Notwithstanding any provision of law to the contrary, the reports provided under this subsection are public records as defined in Title 1, section 402, subsection 3.

**5. Recapture.** The credit allowed under this section must be fully recaptured to the extent claimed by the taxpayer if the qualified investment forming the basis of the credit is not used as a qualified professional

baseball facility by the certified applicant or a transferee approved pursuant to subsection 2, paragraph D for the entire 60-month period following the qualified investment. The credit must be recaptured by filing an amended a return for the tax year in which the recapture provisions are required in accordance with section 5227-A for the tax year in which that qualified investment was used to calculate the credit under this section. The amended return must reflect the credit disallowed and the income modifications required by section 5122, subsection 1, paragraph QQ and section 5200-A, subsection 1, paragraph LL with respect to that facility.

6. Rules. The commissioner and the assessor may jointly adopt rules to implement this section, including, but not limited to, rules for determining and certifying eligibility. Rules adopted pursuant to this subsection are routine technical rules as defined in Title 5, chapter 375, subchapter 20A.

7. Evaluation. The tax credit provided under this section is subject to ongoing legislative review in accordance with Title 3, chapter 37. In developing evaluation parameters to perform the review, the Office of Program Evaluation and Government Accountability, the joint legislative committee established to oversee program evaluation and government accountability matters and the joint standing committee of the Legislature having jurisdiction over taxation matters shall consider:

A. The amount of qualified investment made by each certified applicant during the period being reviewed and measures of fiscal impact;

B. Employment measures taken by each certified applicant, including:

(1) The number of any additional full-time employees in the State added by each certified applicant since that applicant was issued a certificate of approval pursuant to subsection 2, paragraph B;

(2) The average and median wages paid to full-time employees of each certified applicant; and

(3) The percentage and number of full-time employees of each certified applicant for whom health benefits and retirement benefits are available; and

C. The overall economic impact to the State and to the regions in which certified applicants are located.

## SUMMARY

This bill provides an income tax credit for a qualified investment of at least \$1,000,000 but no more than \$15,000,000 by a certified applicant in a qualified professional baseball facility in the State. The certified applicant must continue operations as a professional baseball facility for at least 60 months following the investment for which the tax credit is issued.