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**Testimony by State Senator Matthea Daughtry
Presenting LD 730 *an Act to Protect Economic Competitiveness in Maine by Extending the
End Date for Pine Tree Development Zone Benefits*
Committee on Innovation, Development, Economic Advancement and Business**

March 23, 2021

Senator Curry, Representative Roberts, and Distinguished Members of the Joint Standing Committee on Innovation, Development, Economic Advancement and Business:

My name is Mattie Daughtry. I am the State Senator for Senate District 24, which includes the towns of Brunswick, Freeport, Harpswell, North Yarmouth, and Pownal. I live in Brunswick and am pleased to co-sponsor and support LD 730, *An Act to Protect Economic Competitiveness in Maine by Extending the End Date for Pine Tree Development Zone Benefits*.

As you may know, the Pine Tree Development Zones Program offers 10-year state income tax credits and sales tax exemptions to businesses that create new, quality jobs in certain industries, or move existing jobs in those industries to Maine. These sectors are important to the future of Maine's economy and include biotechnology, advanced technologies for forestry and agriculture and aquaculture technology.

The PTDZ Program supports both our businesses that are already here in Maine and also attracts new businesses to our communities. These industries are vital for supporting our local economy and building out our statewide capacity in these sectors. They also provide good-paying jobs, allowing people of all ages the opportunity to live, work and raise a family here.

The Pine Tree Development Zone Program was set to expire at the end of this year in 2021. LD 730 would extend the Program to 2024. As one of the only comprehensive development programs here in Maine that directly support our businesses and workers, I believe that we must continue to support this program.

Intensive reporting is required in order to ensure that the PTDZ Program is not being abused. The Legislature charges the Department of Economic and Community Development (DECD) with collecting information necessary for the State to administer the PTDZ Program. To ensure full program compliance, annual reporting is mandatory. In addition, the DECD Commissioner reports information on the PTDZ to its legislative oversight committee each year.

The PTDZ program has helped numerous businesses and employees. It is a homegrown tax incentive that has served as a recruitment tool for quality jobs across our state. (As an aside I do want to add that tax incentives are just one piece of the puzzle and for robust economic

development we need to have a variety of mechanisms in place; from quality and affordable post-secondary education and training, research and development opportunities, broadband improvements, infrastructure investments, and investments in quality of life programs like childcare, paid leave, affordable housing, universal healthcare, and more.)

The PTDZ program has incredible potential, but I'll be honest that it needs improvement and updating. It's been on the books for few years and needs to be brought into the 21st Century. A 2017 OPEGA report found many flaws in the PTDZ designs and implementation. It's incumbent on the legislature—and this committee—to conduct a thorough and comprehensive review of all of our tax incentives. I know there are others here today who can speak about plans in the works to do such a review and the need to tweak this program. However, I also believe that the PTDZ should not go into hibernation while this review is conducted. In a time where our businesses are struggling, we can't pull the rug out from under them. Our business community and workers are looking at us to lead on this issue, and I believe that they are best served in this moment by some guarantee of stability while we investigate how we can improve this program.

Thank you for the opportunity to present this bill. I am happy to answer any questions.