

Committee on Innovation, Development, Economic Advancement and Business
Letter In Support of LD 1918: An Act to Modernize Maine's Business Incentive Programs by Creating
the Dirigo Business Incentives Program and Eliminating Certain Other Tax Incentive Programs

May 17, 2023

Senator Curry, Representative Roberts and distinguished members of the Committee on Innovation, Development, Economic Advancement & Business,~~Dear chairs and members of the committee,~~

~~We~~ write to you in ~~enthusiastic and~~ collective support of LD 1918, An Act to Modernize Maine's Business Incentive Programs by Creating the Dirigo Business Incentives Program and Eliminating Certain Other Tax Incentive Programs.

Our ~~working group consists of~~ organizations ~~represent a working group who has have~~ collaborated ~~over the past two years~~ to plan and refine the ~~proposed business incentive reforms proposed in this bill in this bill for the past two years.~~ Working with leadership at DECD, we engaged in a deliberate and thoughtful process to assess best practices across the country that would attract the attention of businesses looking to invest and grow. Of particular importance, we spoke with Tim Bartik of the Upjohn Institute for Employment Research. Mr. Bartik is a frequent critic of business incentive programs, especially when they are designed poorly. He provided insight on how to properly structure programs to help prevent abuse while providing accountability and transparency.

Through our research and discussions, we learned that programs that encourage companies to invest in communities work best. We also learned that states across the country are investing resources to encourage companies to provide additional workforce development opportunities. While many other states are using "deal closing funds" and upfront cash grants, we decided to propose a program built around the pillars of workforce training and capital investment.

We are excited to see these efforts come to fruition, in the form of LD 1918. The new, unified Dirigo Business Incentives Program will modernize and streamline Maine's signature ~~incentives-investment attraction program~~ to attract and grow new businesses in key sectors, ~~and~~ also seeks to develop the skilled workforce to sustain and grow those sectors.

Key updates and improvements to the existing PTDZ and ETIF incentive programs include:

- The benefits ~~would~~ will be tied directly to capital investment and training instead of new job creation
- ~~and indirect location and investment incentives~~
- ~~A company would not need to add new jobs to participate~~
- Applying for and receiving the incentive ~~would~~ will require fewer steps for the business
- The benefits ~~would~~ will be issued over a shorter term, with the full benefit available within five years instead of ten, which adds predictability and stability

Commented [PD1]: I'm not sure what this part of the sentence means?

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Additionally, the Dirigo Business Incentives Program provides resources for businesses to train workers through diverse pathways that more robustly address Maine’s multifaceted workforce ~~shortageneeds~~. These pathways leverage the state’s strong community college system and provide a low barrier to entry for workers who may be looking to transition from one industry to another with better career prospects.

This incentive reform comes at a critical time for Maine. Since the pandemic, Maine’s economy has faced significant headwinds—and new opportunities. Nationally, workforce trends have shifted and both employers and employees have recognized the importance of quality of life and quality of place as an economic driver. As Maine’s national prominence has grown, we have seen an ~~steep~~ increase in immigration to the state. For the Maine economy to succeed in the 21st century economy, we must attract and retain the best talent and businesses, ~~from entrepreneurs, to land and sea farmers, to biomanufacturing facilities and scientific research~~. Innovative state ~~incentive packages~~ business assistance programs like the Dirigo program are a key component to a successful attraction strategy.

We strongly support LD 1918 as a modern, streamlined incentives ~~package-program~~ for Maine. We are confident passage of this legislation will lead to increased business growth, new job creation, and opportunity and prosperity for Maine people.

Thank you for considering this important legislation. ~~We would be happy to answer any questions the committee may have regarding the proposed incentives.~~

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Respectfully submitted,

<u>Peter DelGreco</u>	<u>Leo Waterston</u>
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<u>INSERT NAMES/ORGS HERE</u>	