



# 130th MAINE LEGISLATURE

## FIRST SPECIAL SESSION-2021

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Legislative Document

No. 1713

S.P. 566

In Senate, May 19, 2021

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**An Act To Increase Workforce Skills for the Revitalization of  
Maine's Paper Industry through the Establishment of an Income  
Tax Credit for Paper Manufacturing Workforce Training**

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Received by the Secretary of the Senate on May 17, 2021. Referred to the Committee on Taxation pursuant to Joint Rule 308.2 and ordered printed.

A handwritten signature in black ink, appearing to read 'D M Grant'.

DAREK M. GRANT  
Secretary of the Senate

Presented by President JACKSON of Aroostook.  
Cosponsored by Representative MARTIN of Sinclair and  
Senators: CHIPMAN of Cumberland, LIBBY of Androscoggin, Representatives: COLLINGS  
of Portland, MARTIN of Eagle Lake, MATLACK of St. George, PERRY of Bangor, SACHS  
of Freeport, TERRY of Gorham.

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

2 **Sec. 1. 36 MRSA §191, sub-§2, ¶MMM** is enacted to read:

3 MMM. The disclosure to the joint standing committee of the Legislature having  
4 jurisdiction over taxation matters pursuant to section 5219-YY, subsection 4, paragraph  
5 C of the revenue loss, including the loss due to refundable credits, attributable to each  
6 taxpayer claiming the tax credit for paper manufacturing workforce training provided  
7 under that section, regardless of the number of persons eligible for the credit.

8 **Sec. 2. 36 MRSA §191, sub-§2, ¶NNN** is enacted to read:

9 NNN. The disclosure of information to the Department of Economic and Community  
10 Development necessary for the administration of the tax credit for paper manufacturing  
11 workforce training pursuant to section 5219-YY.

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

13 **§5219-YY. Credit for paper manufacturing workforce training**

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

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

18 B. "Classified position" means a skilled job in manufacturing production, technical  
19 services or maintenance that is specifically assigned to a qualified employee.

20 C. "Commissioner" means the Commissioner of Economic and Community  
21 Development.

22 D. "Employee based at a paper manufacturing facility" means an employee who  
23 performs more than 50% of the employee's employee-related activities for the  
24 employer at a paper manufacturing facility.

25 E. "Full-time" means an average of at least 36 hours weekly during the period of  
26 employment.

27 F. "Paper manufacturing facility" means a facility in the State at which paper products  
28 are manufactured, including facilities used in support of such paper manufacturing, that  
29 is not located within a low-income community. As used in this paragraph, "low-  
30 income community" has the same meaning as in 26 United States Code, Section  
31 45D(e)(1).

32 G. "Qualified applicant" means an applicant that, at the time an application for a  
33 certificate of approval is submitted, directly employs at least 400 qualified employees,  
34 at least 75% of whom earn at least 115% of the most recent annual per capita personal  
35 income in the county in which the qualified employee is employed.

36 H. "Qualified employee" means a full-time employee based at a paper manufacturing  
37 facility:

38 (1) For whom a retirement program subject to the federal Employee Retirement  
39 Income Security Act of 1974, 29 United States Code, Chapter 18 and group health  
40 insurance are provided;

1                   (2) Whose income derived from employment at a paper manufacturing facility,  
2                   calculated on a calendar year basis, is greater than the most recent annual per capita  
3                   personal income in the county in which the employee is employed; and

4                   (3) Who is not a salaried employee as described by Title 26, section 663,  
5                   subsection 3, paragraph K.

6                   "Qualified employee" does not include an employee who is transferred, as determined  
7                   by the commissioner, to a qualified applicant from an affiliated business, as defined in  
8                   section 6753, subsection 1-A, located in the State.

9                   I. "Qualified workforce training wages" means wages paid by a certified applicant to  
10                  a qualified employee hired on or after January 1, 2021 during:

11                  (1) The 6-week period following the qualified employee's date of hire; and

12                  (2) Time spent training a qualified employee for a promotion to a new classified  
13                  position.

14                  **2. Procedures for application; certificate of approval.** This subsection governs the  
15                  procedures for applying for and obtaining a certificate of approval for the tax credit under  
16                  this section.

17                  A. A qualified applicant may apply to the commissioner for a certificate of approval.

18                  B. An applicant shall submit to the commissioner information demonstrating that the  
19                  applicant is a qualified applicant.

20                  C. The commissioner, within 30 days of receipt of an application submitted pursuant  
21                  to paragraphs A and B, shall determine whether the applicant is a qualified applicant  
22                  and shall issue either a certificate of approval or a written denial indicating why the  
23                  applicant is not a qualified applicant. A certificate issued by the commissioner must  
24                  specify a limit on the amount of qualified workforce training wages approved under  
25                  the certificate. The commissioner may not issue a certificate to a qualified applicant  
26                  that approves qualified workforce training wages of more than \$1,000,000 per year or  
27                  \$6,000,000 in total.

28                  D. A certified applicant shall obtain approval from the commissioner prior to the  
29                  transfer of the certificate of approval to another person. A certificate of approval may  
30                  be transferred only if all or substantially all of the assets of the certified applicant are,  
31                  or will be, transferred to that person or if 50% or more of the certified applicant's voting  
32                  stock or analogous noncorporate equity interest is, or will be, acquired by that person.  
33                  The commissioner shall approve the transfer of the certificate of approval only if the  
34                  transfer meets the requirements of this paragraph and at least one of the following  
35                  conditions is satisfied:

36                  (1) The transferee is a member of the certified applicant's unitary affiliated group,  
37                  as defined in section 5102, subsection 1-B, at the time of the transfer; or

38                  (2) The commissioner finds that the transferee will, and has the capacity to,  
39                  maintain operations of the paper manufacturing facility in a manner that meets the  
40                  minimum qualifications for continued eligibility for credits under this section after  
41                  the transfer occurs.

1 E. If the commissioner approves the transfer of the certificate pursuant to paragraph  
2 D, the transferee, from the date of the transfer, must be treated as the certified applicant  
3 and as eligible to claim any remaining credit under the certificate of approval that was  
4 not previously claimed by the transferor as long as the transferee meets the same  
5 eligibility requirements and conditions for the credit as applied to the transferor.

6 F. The commissioner shall revoke a certificate of approval if the certified applicant or  
7 transferee ceases operations of the paper manufacturing facility in the State or the  
8 certificate of approval is transferred to another person without approval from the  
9 commissioner pursuant to paragraph D.

10 **3. Refundable credit allowed.** A certified applicant is allowed a refundable credit as  
11 provided in this subsection.

12 A. Subject to the limitations under paragraph B, for tax years beginning on or after  
13 January 1, 2021 and ending on or before December 31, 2025, a certified applicant is  
14 allowed a credit against the tax otherwise due under this Part for the taxable year in an  
15 amount equal to any qualified workforce training wages paid during the taxable year  
16 up to the limit set forth in the certified applicant's certificate of approval under  
17 subsection 2.

18 B. Cumulative credits under this subsection for all certified applicants may not exceed  
19 \$2,000,000 per year and \$12,000,000 in total.

20 **4. Reporting required.** A certified applicant, the commissioner and the State Tax  
21 Assessor are required to make reports pursuant to this subsection.

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

26 (1) The number of qualified employees of the certified applicant on the last day of  
27 the report year; and

28 (2) The amount of qualified workforce training wages paid during the report year.

29 B. By April 1st of each year, the commissioner shall report to the joint standing  
30 committee of the Legislature having jurisdiction over taxation matters aggregate data  
31 on employment levels and qualified workforce training wages paid by certified  
32 applicants for each year for which a certified applicant claimed a credit under this  
33 section.

34 C. By April 1st of each year, the State Tax Assessor shall report to the joint standing  
35 committee of the Legislature having jurisdiction over taxation matters the revenue loss  
36 during the previous calendar year as a result of this section for each taxpayer claiming  
37 the credit.

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

40 **5. Evaluation; specific public policy objectives; performance measures.** The credit  
41 provided under this section is subject to ongoing legislative review in accordance with Title  
42 3, chapter 37. In developing evaluation parameters to perform the review, the Office of  
43 Program Evaluation and Government Accountability, the joint legislative committee

1 established to oversee program evaluation and government accountability matters and the  
2 joint standing committee of the Legislature having jurisdiction over taxation matters shall  
3 consider:

4 A. That the specific public policy objectives of the credit provided under this section  
5 are to provide incentives for the revitalization of paper manufacturing facilities in  
6 counties with high unemployment and to create or retain high-quality jobs in the State;  
7 and

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

9 (1) The number of qualified employees added during the period being reviewed;

10 (2) The amount of qualified workforce training wages paid to qualified employees  
11 during the period being reviewed;

12 (3) The number of qualified employees receiving training for classified positions;

13 (4) The number of qualified employees who have completed training and been  
14 promoted to classified positions during the period being reviewed; and

15 (5) Measures of fiscal impact and overall economic impact to the State and to the  
16 regions in which paper manufacturing facilities are located.

17 **6. Rules; fees.** The commissioner and the State Tax Assessor may jointly adopt rules  
18 to implement this section, including rules for determining and certifying an applicant's  
19 eligibility for a credit under this section. The commissioner may also adopt rules  
20 establishing fees to offset the costs of administering this section. Any fees collected  
21 pursuant to this subsection must be deposited into a special revenue account administered  
22 by the commissioner and may be used only to defray the actual costs of administering the  
23 credit under this section. Rules adopted pursuant to this subsection are routine technical  
24 rules as defined in Title 5, chapter 375, subchapter 2-A.

## 25 SUMMARY

26 This bill creates a refundable Maine income tax credit for paper manufacturers  
27 providing workforce training to employees as long as certain employment and wage levels  
28 are met. The income tax credit is equal to the amount of workforce training wages paid to  
29 certain employees each year and is subject to a limit of \$2,000,000 per year among all  
30 eligible employers and \$12,000,000 in total. The income tax credit is subject to ongoing  
31 legislative review.

32 This bill also requires employers receiving the income tax credit to file annual reports  
33 with the Commissioner of Economic and Community Development and requires the  
34 commissioner and State Tax Assessor to annually report to the joint standing committee of  
35 the Legislature having jurisdiction over taxation matters certain statistics and data related  
36 to the income tax credit.