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**Public Law**  
124th Legislature  
Second Regular Session

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**Chapter 627**  
**S.P. 651 - L.D. 1679**

**An Act To Create Jobs and Stimulate Economic Development by Making Captive Insurers Eligible for Pine Tree Development Zone Benefits**

**Emergency preamble. Whereas,** acts and resolves of the Legislature do not become effective until 90 days after adjournment unless enacted as emergencies; and

**Whereas,** during the First Regular Session of the 124th Legislature, Public Law 2009, chapter 335 was enacted to modernize the State's insurance laws to encourage the formation of new captive insurance companies in this State; and

**Whereas,** this legislation would stimulate economic development by amending the State's tax laws to attract captive insurance companies to the State by making captive insurance companies eligible for Pine Tree Development Zone tax credits; and

**Whereas,** in the judgment of the Legislature, these facts create an emergency within the meaning of the Constitution of Maine and require the following legislation as immediately necessary for the preservation of the public peace, health and safety; now, therefore,

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

**Sec. 1. 30-A MRSA §5223, sub-§3,** as amended by PL 2009, c. 314, §8, is further amended to read:

**3. Conditions for approval.** Designation of a development district is subject to the following conditions.

A. At least 25%, by area, of the real property within a development district must meet at least one of the following criteria:

- (1) Must be a blighted area;
- (2) Must be in need of rehabilitation, redevelopment or conservation work; or
- (3) Must be suitable for commercial or arts district uses.

B. The total area of a single development district may not exceed 2% of the total acreage of the municipality. The total area of all development districts may not exceed 5% of the total acreage of the municipality.

C. The original assessed value of a proposed tax increment financing district plus the original assessed value of all existing tax increment financing districts within the municipality may not exceed 5% of the total value of taxable property within the municipality as of April 1st preceding the date of the commissioner's approval of the designation of the proposed tax increment financing district.

Excluded from the calculation in this paragraph is any district excluded from the calculation under former section 5253, subsection 1, paragraph C and any district designated on or after the effective date of this chapter that meets the following criteria:

- (1) The development program contains project costs, authorized by section 5225, subsection 1, paragraph A, that exceed \$10,000,000;
- (2) The geographic area consists entirely of contiguous property owned by a single taxpayer;
- (3) The assessed value exceeds 10% of the total value of taxable property within the municipality; and
- (4) The development program does not contain project costs authorized by section 5225, subsection 1, paragraph C.

For the purpose of this paragraph, "contiguous property" includes a parcel or parcels of land divided by a road, power line or right-of-way.

D. The aggregate value of municipal general obligation indebtedness financed by the proceeds from tax increment financing districts within any county may not exceed \$50,000,000 adjusted by a factor equal to the percentage change in the United States Bureau of Labor Statistics Consumer Price Index, United States City Average from January 1, 1996 to the date of calculation.

- (1) The commissioner may adopt rules necessary to allocate or apportion the designation of captured assessed value of property within proposed tax increment financing districts to permit compliance with the condition in this paragraph. Rules adopted pursuant to this paragraph are routine technical rules as defined in Title 5, chapter 375, subchapter 2A.
- (2) The acquisition, construction and installment of all real and personal property improvements, buildings, structures, fixtures and equipment included within the development program and financed through municipal bonded indebtedness must be completed within 5 years of the commissioner's approval of the designation of the tax increment financing district.

The conditions in paragraphs A to D do not apply to approved downtown tax increment financing districts, tax increment financing districts included within Pine Tree Development Zones designated and approved under subchapter 3; tax increment financing districts that consist solely of one or more community wind power generation facilities owned by a community wind power generator that has been certified by the Public Utilities Commission pursuant to Title 35A, section 3403, subsection 3 or transit-oriented development districts.

**Sec. 2. 30-A MRSA §5250-I, sub-§8,** as enacted by PL 2003, c. 688, Pt. D, §2, is amended to read:

**8. Financial services.** "Financial services" means services provided by an insurance company subject to taxation under Title 36, chapter 357; a captive insurance company formed or licensed under Title 24-A, chapter 83; a financial institution subject to taxation under Title 36, chapter 819; or a mutual fund service provider as defined in Title 36, section 5212, subsection 1, paragraph E.

**Sec. 3. 30-A MRSA §5250-I, sub-§14, ¶E,** as enacted by PL 2005, c. 351, §3, is amended to read:

E. Discounted rates approved by the Public Utilities Commission, if applicable, and offered by transmission and distribution utilities as authorized under Title 35A, section 3210B 3210E, subsection 1; and

**Sec. 4. 30-A MRSA §5250-I, sub-§14, ¶F,** as enacted by PL 2005, c. 351, §3, is amended to read:

F. Line extensions and conservation programs approved or authorized by the Public Utilities Commission under Title 35A, section 3210B, ~~subsections 2 and 3~~ 3210E.

**Sec. 5. 35-A MRSA §3210-E** is enacted to read:

**§ 3210-E. Electric utility and conservation benefits**

**1. Discount rates.** Transmission and distribution utilities may offer discounted rates to qualified Pine Tree Development Zone businesses established under Title 30A. If a transmission and distribution utility requires approval prior to offering any such rate, the transmission and distribution utility shall apply to the commission in accordance with applicable provisions of this Title, and the commission may approve the rate if it finds it to be in accord with applicable requirements of this Title, except that the commission may take into account the overall benefits to ratepayers resulting from state efforts to promote economic development within Pine Tree Development Zones.

**2. Line extensions.** When approving or authorizing line extension terms and conditions for qualified Pine Tree Development Zone businesses established under Title 30A, the commission may take into account the overall benefits to ratepayers resulting from state efforts to promote economic development within Pine Tree Development Zones established pursuant to Title 30A.

**3. Conservation programs.** In designing and implementing conservation programs pursuant to section 3211A, the commission may make available to qualified Pine Tree Development Zone businesses established under Title 30A special programs of enhanced value to aid state efforts to promote

economic development within Pine Tree Development Zones. A program made available pursuant to this subsection must be cost-effective as defined by the commission by rule or order pursuant to section 3211A. This subsection is repealed July 1, 2010.

**4. Conservation programs.** Beginning July 1, 2010, in designing and implementing conservation programs pursuant to section 10110, the Efficiency Maine Trust may make available to qualified Pine Tree Development Zone businesses established under Title 30A special programs of enhanced value to aid state efforts to promote economic development within Pine Tree Development Zones. A program made available pursuant to this subsection must be cost-effective as defined by the Efficiency Maine Trust by rule or order pursuant to section 10110.

**5. Electricity sales.** Notwithstanding section 3210, the sale of electricity by a competitive electricity provider to a qualified Pine Tree Development Zone business established under Title 30A is exempt from the requirements of that section and, at the request of the competitive electricity provider, sales to qualified Pine Tree Development Zone businesses must be excluded from any calculation by the commission to determine compliance with that section.

**6. Repeal.** This section is repealed December 31, 2028.

**Sec. 6. 36 MRSA §1760, sub-§87,** as amended by PL 2005, c. 351, §8 and affected by §26, is further amended to read:

**87. Sales of tangible personal property to qualified development zone businesses.**

Beginning July 1, 2005, sales of tangible personal property to a qualified Pine Tree Development Zone business, as defined in Title 30A, section 5250I, subsection 17, for use directly and primarily in one or more qualified business activities, as defined in Title 30A, section 5250I, subsection 16. The exemption provided by this subsection is limited for each qualified Pine Tree Development Zone business to sales occurring within a period of 10 years in the case of a business located in a tier 1 location, as defined in Title 30A, section 5250I, subsection 21A, and 5 years in the case of a business located in a tier 2 location, as defined in Title 30A, section 5250I, subsection 21B, from the date the business is certified pursuant to Title 30A, section 5250O or until December 31, ~~2018~~ 2028, whichever occurs first. As used in this subsection, "primarily" means more than 50% of the time during the period that begins on the date on which the property is first placed in service by the purchaser and ends 2 years from that date or at the time the property is sold, scrapped, destroyed or otherwise permanently removed from service by the purchaser, whichever occurs first.

**Sec. 7. 36 MRSA §2016, sub-§4, ¶A,** as enacted by PL 2005, c. 351, §9 and affected by §26, is amended to read:

A. Reimbursements made by the assessor pursuant to this section are limited to taxes paid in connection with sales of tangible personal property that occur within a period of 10 years in the case of a qualified Pine Tree Development Zone business located in a tier 1 location, as defined in Title 30A, section 5250I, subsection 21A, and 5 years in the case of a qualified Pine Tree Development Zone business located in a tier 2 location, as defined in Title 30A, section 5250I, subsection 21B, from the date the qualified Pine Tree Development Zone business receiving the property is certified pursuant to Title 30A, section 5250O or by December 31, ~~2018~~ 2028, whichever occurs first.

**Sec. 8. 36 MRSA §2529, sub-§1, ¶B,** as repealed and replaced by PL 2005, c. 351, §10 and affected by §26, is amended to read:

B. ~~Fifty percent~~ For a business located in a tier 1 location, as defined in Title 30A, section 5250I, subsection 21A, 50% of the tax that would otherwise be due under this chapter upon premiums that are attributable to a qualified business activity as defined in Title 30A, section 5250I, subsection 16 for each of the 5 tax years following the time period in paragraph A.

**Sec. 9. 36 MRSA §2529, sub-§3,** as enacted by PL 2003, c. 451, Pt. NNN, §4 and affected by §8, is amended to read:

**3. Limitation.** The credit provided by this section may not be claimed for calendar years beginning on or after January 1, ~~2019~~ 2029.

**Sec. 10. 36 MRSA §5219-W, sub-§1, ¶B,** as repealed and replaced by PL 2005, c. 351, §13 and affected by §26, is amended to read:

B. ~~Fifty percent~~ For a business located in a tier 1 location, as defined in Title 30A, section 5250I, subsection 21A, 50% of the tax that would otherwise be due under this Part for each of the 5 tax years following the time period in paragraph A.

**Sec. 11. 36 MRSA §5219-W, sub-§4,** as enacted by PL 2003, c. 451, Pt. NNN, §5 and affected by §8, is amended to read:

**4. Limitation.** The credit provided by this section may not be claimed for tax years beginning on or after January 1, ~~2019~~ 2029.

**Sec. 12. Retroactivity.** That section of this Act that enacts the Maine Revised Statutes, Title 35A, section 3210E applies retroactively to December 31, 2009. Those sections of this Act that amend Title 36, section 1760, subsection 87; section 2016, subsection 4, paragraph A; section 2529, subsection 1, paragraph B; and section 5219W, subsection 1, paragraph B apply retroactively to September 12, 2009.

**Emergency clause.** In view of the emergency cited in the preamble, this legislation takes effect when approved.

Effective April 9, 2010.