

PLEASE NOTE: Legislative Information **cannot** perform research, provide legal advice, or interpret Maine law. For legal assistance, please contact a qualified attorney.

## **An Act To Create Jobs and Stimulate Economic Development by Making Captive Insurers Eligible for Pine Tree Development Zone Benefits for 10 Years**

**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 §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. 2. 30-A MRSA §5250-I, sub-§21-A,** as enacted by PL 2009, c. 461, §11, is amended to read:

**21-A. Tier 1 location.** "Tier 1 location" means a location designated by the department to be eligible for Pine Tree Development Zone benefits for a period of 10 years. Notwithstanding any other provision of this subchapter, a captive insurance company formed or licensed under Title 24-A, chapter 83 whose principal place of business is located in this State is deemed to be located in a tier 1 location for all purposes of this subchapter.

**Sec. 3. 30-A MRSA §5250-J, sub-§3-A,** as enacted by PL 2009, c. 461, §17, is amended to read:

**3-A. Pine Tree Development Zone classification; tier 1 locations.** Beginning January 1, 2009, the department shall classify the following units of local government on an annual basis as tier 1 locations:

A. From January 1, 2009 to December 31, 2009, all units of local government; and

B. Beginning January 1, 2010, a unit of local government that is contained in a county other than Cumberland County or York County, as well as a unit of local government that is contained in Cumberland County or York County with a municipal unemployment rate that is 15% higher than its labor market unemployment rate, based upon data published by the Department of Labor from the last completed calendar year; and

C. Notwithstanding any other provision of this subchapter, beginning January 1, 2010, a captive insurance company formed or licensed under Title 24-A, chapter 83 whose principal place of business is located in the State is deemed to be located in a tier 1 location for all purposes of this subchapter.

A unit of local government that has been designated by the department as a participating municipality in the Pine Tree Development Zone program as of December 31, 2008 ~~will~~must be classified as a tier 1 location.

Property within a military redevelopment zone ~~as long as is~~ deemed to be located in a tier 1 location if the property is classified by the department no later than December 31, 2018.

**Sec. 4. 36 MRSA §5219-W, sub-§1**, as amended by PL 2005, c. 351, §13 and affected by §26, is further amended to read:

**1. Credit allowed.** Except as provided by subsection 2, a taxpayer that is a qualified Pine Tree Development Zone business as defined in Title 30-A, section 5250-I, subsection 17 is allowed a credit in the amount of:

A. One hundred percent of the tax that would otherwise be due under this Part for each of the first 5 tax years beginning with the tax year in which the taxpayer commences its qualified business activity, as defined in Title 30-A, section 5250-I, subsection 16; and

B. Fifty percent 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; and

C. In the case of a qualified Pine Tree Development Zone business that is a captive insurance company formed or licensed under Title 24-A, chapter 83, 100% of the tax that would otherwise be due under this Part for the first 10 tax years beginning with the tax year in which the taxpayer commences its qualified business activity, as defined in Title 30-A, section 5250-I, subsection 16.

**Sec. 5. 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.

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

## **SUMMARY**

This bill makes captive insurance companies located anywhere in the State eligible for Pine Tree Development Zone benefits for a 10-year period and provides for a 100% state income tax credit during that 10-year period. The bill also extends the availability of the income tax credit for all qualified Pine Tree Development Zone businesses for 10 years until 2029.