Date: February 17, 2021

To: Committee on Innovation, Development, Economic Advancement and Commerce

From: Samuel Senft, Legislative Analyst

LD 22   An Act To Authorize Early Payment of Anticipated Funds to the Loring Job Increment Financing Fund (Jackson)

SUMMARY

This bill requires the State Tax Assessor, at the direction of the Governor or upon the recommendation of the Commissioner of Economic and Community Development and the approval of the Commissioner of Administrative and Financial Services, to deposit into the contingent account and pay to the Loring Job Increment Financing Fund an amount not to exceed the anticipated payment amount to the fund or the amount paid the previous year, whichever is greater.

It provides that any difference between the amount advanced and the amount finally determined to be due, in the event of an underpayment, must be added to the final payment due by July 31, 2021 or, in the event of an overpayment, must be deducted from the final payment due by July 31, 2022. It repeals the temporary provision on August 1, 2022.

TESTIMONY

Proponents:
- The LDA was created by the Legislature to acquire, manage and redevelop the Loring Air Force Base after the base closed in 1994.
- The Loring Job Increment Financing Program began in 1996. LDA needed a way to operate the site, even though it could not levy taxes. The state therefore devoted a portion of income tax withholdings associated with job creation to fund the site.
- Jobs peaked in FY 2008-9 with 1600 jobs at the site. Jobs have declined to about 750 at current. In Sept 2018 the Maine Military Authority closed their site operation sand this resulted in lost revenue.
- The site operates using funds from leases and sales of real estate, the Job Increment Financing Fund and other misc sources. The site must operate the drinking water treatment plant, water distribution and sewer collection systems, contract for wastewater treatment services, plow and maintain roads, grounds and common infrastructure, arrange for police, fire and ambulance service, and maintain vacant buildings while seeking new users.
- In June 2019, the Legislature approved LD 1835 to advance funds early and avoid a budget shortfall. LDA intended to submit another bill last year but could not because of the pandemic.
- Current financial situation is precarious; this bill would help. A more permanent situation is needed though.
- The Job Increment Financing Fund distributes 50% of state income tax withholdings associated with incremental jobs at Loring to the LDA. The tax withholdings were collected by the State from Loring employers throughout the fiscal year July 2019 through June 2020. During the next 12 months, LDA ascertains the amount of the withholdings from Loring based employers and submits that information to the tax assessor who confirms the amounts and calculates the 50% payment due to LDA.
- LD 22 would permit an anticipated payment to be made at any time during the 12 months prior

> to the normal payment date of July 31, 2021 based on estimates.
> - Loss of the Loring jobs would result in a domino effect of additional 1,101 jobs lost based on consultant study done in Oct 2019 by RKG Associates.
> - Pandemic disrupted some promising potential investments at LDA last spring., including a proposed distillery and a hemp producer.

Opponents: NONE
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Neither For Nor Against: NONE
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INFORMATION REQUESTS:
- None

POTENTIAL ISSUES:

- None identified

OTHER CONSIDERATIONS:

- This is an emergency bill
- LD 1835 (129th) also authorized early release of the Job Increment Financing Fund distributions to Loring. That bill received a unanimous OTPA out of committee and. It passed the Legislature and was signed by the Governor and enacted on an emergency basis on June 18, 2019.

FISCAL IMPACT: Not yet determined

Links

- [LD 22](#)
- Current law: [5 MRSA §13080-R. Calculation of employment tax increment](#)
- [Loring Commerce Centre website](#)
- LD 1835 (129th)
  - [LD 1835 (129th)](#)
  - [LD 1835 amendment](#)
  - [LD 1835 Printed law](#)