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LR 2271
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3/11/22

PROPOSED COMMITTEE AMENDMENT

Rep. Evans

Amend the bill by striking everything after the enacting clause and substituting the following:

Sec. 1. 5 MRSA §13056, sub-§9 is enacted to read:

9. Certify certain businesses. Certify to the State Tax Assessor annually businesses that are qualified to receive the timber harvesting business credit under Title 36, section 5215-A.

Sec. 2. 36 MRSA §5215-A is enacted to read:

§5215-A. Credit for timber harvesting sector job growth

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

A. "Base level of employment" means the average number of number of employees employed by the employer during the previous tax year or the previous 3 tax years, whichever is greater.

B. Commissioner. "Commissioner" means the Commissioner of the Department of Economic and Community Development.

C. "Full-time" means an average of at least 36 hours weekly.

D. "Qualified timber harvesting business" means a for-profit business certified by the commissioner pursuant to Title 5, section 13056, subsection 9 that adds one or more new qualified employees above its base level of employment in this State within a tax year beginning on or after January 1, 2023. and with at least 75% of its business activities involved in the following activities:

(1) Timber harvesting or timber harvesting activities as defined in Title 12, section 8868, subsection 4 and 5; or

(2) Delivering timber, wood chips, wood fiber or plant fiber to a roundwood processing operation as defined in Title 12, section 8881, subsection 10.

E. “Qualified employee” means a new, full-time employee of a qualified business that:

(1) Works full time during the tax year for which the credit is claimed or, if the employee is employed for only part of the tax year, the employee works at least 900 hours during the tax year in employment that is primarily timber harvesting or timber harvesting activities;

(2) Is hired in this State by a qualified timber harvesting business and at least 90% of the employee’s work is based in the State;

(3) Is covered by the Employment Security Law, Title 26, chapter 13; and

(4) Derives income from employment with the applicant that, calculated on a calendar year basis, is equal to or greater than the most recent annual per capita personal income in the county in which the employee is employed.

“Qualified employee does not include an employee that is shifted to the qualified business from an affiliated business.

2. **Credit.** A qualified timber harvesting business is entitled to a refundable credit against the taxes otherwise due under this Part for each qualified employee employed full time by the business during the tax year or, if the employee is not employed for the entire tax year but is employed for at least 900 hours. The credit may not be claimed for more than 5 eligible employees in any tax year nor for more than 3 years for any one qualified employee. The credit is equal to:

A. \$7,500 per qualified employee for the first tax year that a qualified employee is employed;

B. \$5,000 per qualified employee for the second tax year that a qualified employee is employed; and

C. \$3,000 per qualified employee for the third tax year that the qualified employee is employed.

3. **Rulemaking.** The commissioner may adopt routine technical rules as defined in Title 5, chapter 375, subchapter 2-A to implement this section and to require qualified timber harvesting businesses to report information necessary to facilitate the evaluation required under subsection .

4. **Evaluation.** The credit provided under this section is subject to ongoing legislative review in accordance with Title 3, chapter 37. The Office of Program Evaluation and Government Accountability shall submit an evaluation of the credit

provided under this section to the joint legislative committee established to oversee program evaluation and government accountability and the joint standing committee of the Legislature having jurisdiction over taxation matters. In developing evaluation parameters to perform the review, the office shall consider:

A. That the specific public policy objectives of the credit provided under this section are:

(1) To create new jobs in the State by timber harvesting businesses recruiting and training new employees in the State for jobs in the timber harvesting sector; and

(2) To directly and indirectly improve the overall economy of the State including the timber harvesting economy, small businesses, employment in rural areas and expansion of the tax base; and

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

(1) The number, geographic distribution and income of full-time employees added or retained during a period being reviewed who would not have been added or retained in the absence of the credit;

(2) The increase in value in timber harvesting businesses located in the State in the State; and

(3) Direct and indirect economic benefits to the State attributable to timber harvesting activities conducted by businesses receiving a credit under this section.

Summary

This amendment replaces the bill. The amendment creates an income tax credit for qualified timber harvesting businesses that employ new qualified employees hired in the State that are covered by the Employment Security Law and are paid an amount equal to or greater than the most recent annual per capita personal income in the county in which the employee is employed.