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Legislative Document

No. 1489

S.P. 554

In Senate, May 1, 2013

An Act To Address Maine's Immediate Workforce Needs

Submitted by the Department of Economic and Community Development pursuant to Joint Rule 204.

Reference to the Joint Select Committee on Maine's Workforce and Economic Future suggested and ordered printed.

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

DAREK M. GRANT
Secretary of the Senate

Presented by Senator LANGLEY of Hancock.

Cosponsored by Representative GRANT of Gardiner and

Senators: CUSHING of Penobscot, GOODALL of Sagadahoc, KATZ of Kennebec, PATRICK of Oxford, VALENTINO of York, Representatives: BENNETT of Kennebunk, MAKER of Calais.

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

2 **Sec. 1. 5 MRSA c. 383, sub-c. 2, art. 2-C** is enacted to read:

3 **ARTICLE 2-C**

4 **MAINE SKILLS GAP PROGRAM**

5 **§13063-R. Maine Skills Gap Program**

6 **1. Definitions.** As used in this article, unless the context otherwise indicates, the
7 following terms have the following meanings.

8 A. "Departments" means the Department of Economic and Community Development
9 and the Department of Labor.

10 B. "Education cost reimbursement" means the amount of money provided to a
11 qualified employee toward the qualified employee's education costs under subsection
12 5.

13 C. "Fund" means the Maine Skills Gap Marketing Fund established in subsection 6.

14 D. "Program" means the Maine Skills Gap Program established in subsection 2.

15 E. "Qualified employee" means an employee qualified to participate in the program
16 and listed in the qualified employee registry.

17 F. "Qualified employee registry" means the electronic registry that contains a list of
18 qualified employees created pursuant to subsection 3.

19 G. "Qualified employer" means an employer who has registered with the program in
20 accordance with rules adopted under subsection 4.

21 H. "Qualified employer registry" means the electronic registry that contains a list of
22 qualified employers created pursuant to subsection 4.

23 **2. Program established.** The Maine Skills Gap Program is established as a pilot
24 project that seeks to match qualified employees with positions at companies in the State
25 representing industries with significant unmet demand for skilled labor by reimbursing a
26 portion of a qualified employee's education costs, when applicable, or certain housing
27 payments when education costs do not exist, during the employee's employment. The
28 program is designed to achieve the following goals:

29 A. Promote economic opportunity and growth by providing an incentive to those
30 individuals with certain skills and experience in occupations when there exists a
31 demonstrable gap between the number of available jobs requiring those skills and
32 experience and a smaller number of individuals willing and able to accept and
33 succeed in those jobs;

34 B. Assist businesses by providing them with a registry of skilled and available
35 individuals;

1 C. Offer incentives to individuals to pursue educational, training and retraining
2 opportunities;

3 D. Keep individuals in the State through education and housing cost reimbursements
4 and the opportunity to secure jobs in industries with significant demand; and

5 E. Provide immediate support for economic development in the State during a period
6 during which comprehensive long-term workforce development solutions are
7 implemented.

8 **3. Creation of qualified employee registry.** Working with the Maine Community
9 College System, the University of Maine System, career centers, private postsecondary
10 educational institutions, relevant trade associations and other entities as appropriate, the
11 Department of Labor, in accordance with rules adopted by the departments, shall create
12 an electronic registry of qualified employees.

13 The Department of Labor shall manage the registry within existing resources and shall
14 coordinate with the Department of Economic and Community Development when
15 supplying information from the qualified employee registry to qualified employers.

16 **4. Creation of qualified employer registry.** Working with employers, the
17 Department of Labor, the Maine Community College System, the University of Maine
18 System, private postsecondary educational institutions, relevant trade associations and
19 other entities as appropriate, the Department of Economic and Community Development,
20 in accordance with rules adopted by the departments, shall create an electronic registry of
21 qualified employers.

22 The Department of Economic and Community Development shall manage the registry
23 within existing resources and shall coordinate with the Department of Labor when
24 supplying information from the qualified employer registry to qualified employees.

25 **5. Education or mortgage or rental reimbursements.** The program shall provide
26 an education cost reimbursement or mortgage or rental reimbursement to qualified
27 employees. The education cost reimbursement must be used to defray the cost of a
28 qualified employee's education, training or retraining that prepares that employee for a
29 job with a qualified employer. The program shall provide mortgage or rental
30 reimbursement to a qualified employee who does not qualify for an education cost
31 reimbursement. Education cost reimbursements or mortgage or rental reimbursements
32 must be paid by the program as follows.

33 A. A qualified employee receives a monthly payment, over and above the regular
34 salary before taxes, while in the employ of a qualified employer. The payment
35 amount is determined at the time of employment and the total amount may not
36 exceed \$300 per month. Pursuant to Title 36, section 5122, subsection 2, paragraph
37 FF-1, the monthly payment is exempt from taxes imposed on income by this State.

38 B. A qualified employer is responsible for the cost associated with providing the
39 education cost reimbursement or the mortgage or rental reimbursement to a qualified
40 employee for each month of employment.

41 C. Notwithstanding any provision of law to the contrary, a qualified employer is
42 deemed a qualified business, as defined in Title 36, section 6753, subsection 11, for

1 purposes of the Maine Employment Tax Increment Financing Program established in
2 Title 36, chapter 917 and is entitled to reimbursement of 50% of the employment,
3 payroll and state income tax withholding taxes paid by the qualified employer for
4 each qualified employee. A qualified employer that meets the requirements of the
5 Maine Employment Tax Increment Financing Program absent the provisions of this
6 paragraph must choose the reimbursement level provided in this paragraph or in Title
7 36, section 6754. A qualified employer that chooses the reimbursement level
8 provided in this paragraph must meet all the other requirements and is subject to all
9 other provisions of the Maine Employment Tax Increment Financing Program.

10 **6. Fund established.** The Maine Skills Gap Marketing Fund is established to
11 receive contributions from public and private entities.

12 A. Payments from the fund must be used solely for the purpose of financing the
13 marketing and promotion of the program to prospective employees, employers and
14 tourists visiting this State and to a national and international audience.

15 B. The Commissioner of Economic and Community Development shall administer
16 the fund. The commissioner may adopt routine technical rules, as defined in chapter
17 375, subchapter 2-A, to implement this subsection.

18 **7. Eligibility limited.** A qualified employee becomes ineligible for the program if:

19 A. The qualified employee leaves the employment of the qualified employer first
20 employing the qualified employee;

21 B. The qualified employee is employed in a different position with a qualified
22 employer; or

23 C. The qualified employee's qualified employer opts out of the program.

24 **8. Monitoring, evaluation and annual report.** For any year in which the program
25 is funded, the departments shall use an independent nonpartisan reviewer to complete a
26 comprehensive evaluation of the program, using both quantitative and qualitative data
27 and including an analysis of the return on investment of the program. The evaluation
28 must consider, at a minimum, the following factors: the effectiveness of the education or
29 housing reimbursement as a catalyst for employment; the effect on employee productivity
30 and performance; and the impact on the demand for skilled workers in industries in the
31 State. The evaluation must measure the results of the program over time, including a
32 longitudinal analysis that captures productivity and other outcomes related to the program
33 and a determination of the impact on the addition of net new jobs to the State. The
34 departments shall jointly submit a report to the joint standing committee of the
35 Legislature having jurisdiction over labor matters by February 1st of each year on the
36 status of the program and on the evaluation data collected and analyzed.

37 **9. Rules.** The departments shall adopt rules to implement this section. Rules adopted
38 pursuant to this subsection are routine technical rules as defined in chapter 375,
39 subchapter 2-A.

40 **10. Insufficient funding.** Notwithstanding any other provision of this section, if the
41 State does not receive sufficient funds to fund this program or if funds are deappropriated

1 so as to result in insufficient funding, the State is not obligated to make payments under
2 this program.

3 **11. Repeal.** This section is repealed March 31, 2021.

4 **Sec. 2. 36 MRSA §5122, sub-§2, ¶FF-1** is enacted to read:

5 FF-1. To the extent included in federal adjusted gross income, payments made to a
6 qualified employee by a qualified employer pursuant to Title 5, section 13063-R,
7 subsection 5;

8 SUMMARY

9 This bill creates the Maine Skills Gap Program to address the immediate hiring needs
10 of Maine employers. Its goal is to encourage students and qualified experienced workers
11 to take positions with Maine companies representing industries with significant unmet
12 demand for skilled labor by reimbursing a portion of an employee's student debt or, in the
13 absence of student debt, reimbursing a portion of an employee's housing expense during
14 the employee's employment. The reimbursement is not subject to Maine income tax. A
15 qualified employer will be considered eligible for reimbursement by the State under the
16 Maine Employment Tax Increment Financing Program and will be reimbursed 50% of
17 the qualified employer's employment, payroll and state income tax withholding taxes paid
18 by the qualified employer for each qualified employee. The Maine Skills Gap Program is
19 repealed March 31, 2021.