

OFFICE OF FISCAL AND PROGRAM REVIEW

Work Session Date: March 8, 2013

To: Members, Joint Standing Committee on Taxation

From: Elizabeth Cooper, Legislative Analyst

LD 278, An Act To Provide Greater Access to Capital for Certain Businesses Through Advance Payment of Employment Tax Increment Financing Benefits

Summary: This bill allows the Commissioner of Economic and Community Development to provide advance payments of employment tax increment financing benefits to a qualified business in the form of a loan through the Maine Rural Development Authority. The qualified business must be planning to make an investment of \$50 million or more in the State and expecting to create at least 50 new jobs.

Public Hearing:

Proponents

- The sponsor presented the bill.
- Representatives of Maine Department of Economic and Community Development and the Maine State Chamber of Commerce testified in support of the bill.
- *Major points:* another tool for economic development; helps business access capital in advance of investment; not a new tax incentive and no additional state resources needed; provides a loan based on future benefit of ETIF. (Note: amendment proposed below.)

Opposed

- Mr. DiMillo testified in opposition to the bill.
- Concerned about using net present value to provide cash in advance of investment; business may be “shaky.”

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- Ms. Hunt testified “neither for not against” the bill.

Possible amendment: Should the Committee choose to move forward with this bill, members may want to discuss a possible amendment. Items that may need to be addressed include: agency roles and responsibilities; entity that would do underwriting and provide loan; how the loan would be repaid.

Fiscal Information: The preliminary fiscal impact statement was not available at the time this analysis sheet was finalized.