



JANET T. MILLS
GOVERNOR

STATE OF MAINE
DEPARTMENT OF ECONOMIC
AND COMMUNITY DEVELOPMENT

MAINE.
ECONOMIC & COMMUNITY
DEVELOPMENT
HEATHER JOHNSON
COMMISSIONER

March 7, 2024

Jerome Gerard, State Tax Assessor
Maine Revenue Services
State House Station #24
Augusta, Maine 04333-0024

Honorable Nicole Grohoski, Senate Chair
Honorable Joe Perry, House Chair
Committee on Taxation
100 State House Station, Room 127
Augusta, Maine 04333

RE: CY2023 Tax Credit for Maine Shipbuilding Facility Investment Program

Dear Mr. Gerard, Senator Grohoski, Representative Perry and members of the Taxation Committee:

Title 36 A §5219-RR directs the Department of Economic and Community Development to submit to the State Tax Assessor and the joint standing committee of the legislature with jurisdiction over tax matters a copy of the annual report submitted by an applicant certified under the Tax Credit for Maine Shipbuilding Facility Investment Program. Certified applicants are required to submit their annual report to DECD by March 1st.

At this time, Bath Iron Works (BIW) is the only applicant certified under the Tax Credit for Maine Shipbuilding Facility Investment Program and submitted their report to DECD on February 6, 2024.

The following information is required to be provided in that report:

- The number of qualified employees that are employed by the certified applicant at the end of the report year;
- The total number of qualified employees hired during the report year; and
- The number of qualified employees in positions that are covered by a collective bargaining agreement;
- The total dollar amount of payroll associated with employment in the report year, including specific information on:
 - The average annual salary and wages for qualified employees; and
 - The median annual salary and wages for qualified employees;



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- The total dollar amount that was spent on goods and services obtained from businesses with an office in the State from which business operations in the State are managed; and
- The incremental level of qualified investments made during the report year, including specific information on:
 - The amount of qualified investment in facility, production equipment and employee training and development, reported as an aggregate sum;
 - The portion of the qualified investment reported under subparagraph (a) that was spent on goods and services from businesses with an office in the State from which business operations in the State are managed; and
 - Whether the certified applicant has qualified for the additional credit under subsection 3, paragraph B.

BIW provided this information in the document that is attached to this letter.

Please contact Phoenix McLaughlin, DECD's Tax Incentive Policy Manager, if you have any questions regarding this report.

Sincerely,

Heather Johnson
Commissioner

Attachment: Bath Iron Works CY2023 Annual Report

cc: Phoenix McLaughlin, Tax Incentive Policy Manager, DECD
Michael Allen, Associate Commissioner of Tax Policy, MRS

MAINE REVENUE SERVICES
MAINE SHIPBUILDING FACILITY INVESTMENT CREDIT
 Maine Revenue Section 5219-RR

9(A). ANNUAL REPORTING REQUIREMENT FOR CALENDAR YEAR ENDING:

12/31/2023

EMPLOYMENT -

(1) Employment of the certified applicant for the report year:

"Employment" means the amount determined by adding the total number of qualified employees of a certified applicant on each of 6 consecutive measurement days of that tax year as chosen by the certified applicant and then dividing that sum by 6.

"Measurement day" means the last business day of every other month of a tax year.

	Date	Number of qualified employees
1	1/31/2023	6,438
2	3/31/2023	6,393
3	5/31/2023	6,320
4	7/31/2023	6,296
5	9/29/2023	6,290
6	11/30/2023	6,320
	Total periods	38,057
		/6
	Employment:	6,343

1(a) the number of qualified employees that are employed by the certified applicant at the end of the report year

6,310

1(b) the total number of qualified employees hired during the report year

363

1(c) the number of qualified employees in positions that are covered by a collective bargaining agreement

4,876

PAYROLL -

(2) The total dollar amount of payroll associated with employment in the report year:

\$ 446,965,902

2(a) The average annual salary and wages for qualified employees.

\$ 70,835

2(b) The median annual salary and wages for qualified employees.

\$ 64,272

GOODS AND SERVICES -

(3) The total dollar amount that was spent on goods and services obtained from business with an office in the State from which business operations in the State are managed.

\$ 116,575,379

QUALIFIED INVESTMENT -

(4) The incremental level of qualified investments made during the report year.

\$ 72,508,829

4(a) The amount of qualified investment in facility, production equipment and employee training and development, since January 01, 2018, reported as an aggregate sum.

\$ 374,820,665

**The statute requires that "qualified investment" include only expenditures that are capitalized for federal income tax purposes. Expenditures for training and development are not capitalized and not included in the aggregate sum.*

4(b) The portion of qualified investment reported under subparagraph (a) that was spent on goods and services from businesses with an office in the State from which business operations in the State are managed.

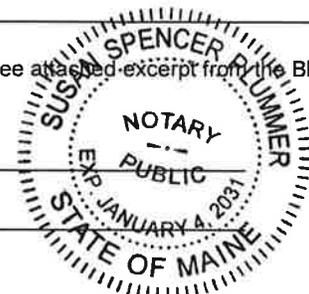
\$ 241,500,983

4(c) Whether the certified applicant has qualified for the additional credit under subsection 3, paragraph B.

Yes

The applicant remains in compliance with the requirement in 36 MRSA §5219-RR(8). Please see attached excerpt from the BIW's Acquisition Manual.

Signature 
 Notary 



MAINE PREFERENCE POLICY

It is the policy of the Supply Chain Division to select sources for materials and services that are most advantageous for the company based on overall best value, which considers but is not limited to, price, quality, delivery, ability to meet technical requirements, and other factors determined by the company to be appropriate to each individual purchase circumstance.

The State of Maine, through significant tax legislation, has endorsed BIW's efforts to remain a viable and important contributor to the Maine economic community. This legislation carries with it certain ethical and legal obligations, which compel BIW to give preference to Maine sources of supply whenever it is reasonable to do so.

Generally, if a Maine company's overall price (per order or subcontract) to BIW is the lesser of 1% or \$1000 higher than that of the closest competitor, all other evaluated criteria considered equal, the Maine company shall be selected for award.

This policy shall apply to all procurements unless:

- The source is directed
- Other contractual restrictions such as "Standardization" apply
- A Maine company has not been identified to or is not known by the responsible procurement representative

Where significant administrative costs will be incurred relative to the value of the award, Procurement personnel shall use judgment in the execution of this policy.