



STATE OF MAINE
DEPARTMENT OF ECONOMIC
AND COMMUNITY DEVELOPMENT



JANET T. MILLS
GOVERNOR

HEATHER JOHNSON
COMMISSIONER

February 6, 2019

Honorable Justin Chenette, Senate Chair
Honorable Anne-Marie Mastraccio, House Chair
Government Oversight Committee
82 State House Station
Augusta, Maine 04333-0082

Re: OPEGA report on Employment Tax Increment Financing Program (ETIF)

Dear Senator Chenette, Representative Mastraccio and members of the Committee:

In follow-up to the GOC's meeting on January 25th, and in preparation for the public comment on the ETIF report scheduled for February 8th, DECD provides the following in response to the GOC members requests as outlined in the February 1, 2019 e-mail from Danielle Fox, Director of the Office of Program Evaluation and Government Accountability (OPEGA).

- **Representative Millet requested responses to OPEGA'S recommendations from the administering agencies.**

Recommendation 1: ETIF's Objectives Should be Reconsidered Based on Maine's Current Economic Development Needs. DECD concurs with OPEGA's recommended Legislative Action. DECD also believes any attempts to reconsider ETIF objectives should be taken into consideration as part of the state's long-term economic development strategic plan.

Recommendation 2: ETIF's Requirements Should Be Reviewed in Light of Current Business Realities and Updated Where Necessary. DECD concurs with the recommended Management Action. DECD also requests further clarification be provided as to the intended timing of DECD submitting a proposal to the Legislature. As mentioned under Recommendation 1, DECD believes any attempts to reconsider ETIF objectives should be taken into consideration as part of the state's long-term economic development strategic plan. Any attempts to reconsider ETIF objectives should also include the Pine Tree Development Zone (PTDZ) program due to the close relationship of the two programs.

Recommendation 3: Statute should be Amended to Clearly Reflect All Intended Outcomes Against Which ETIF's Effectiveness Will Be Measured. DECD concurs with the recommended Legislative Action. DECD also requests clarification as to the intended timing of DECD completing a comprehensive study with respect to geographical limitations of both the PTDZ and ETIF.



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See DECD's January 15, 2019 Letter to the Innovation, Development, Economic Advancement and Business Committee required to be submitted as part of the bill which extended the PTDZ program in 2018 (attached). The contents of the DECD letter explain why completing this type of study, within a six-month period of time, was not a sufficient amount of time to complete a comprehensive study. While DECD concurs that the outcomes of these programs should be reviewed and measured, the allowance of adequate time to undertake a comprehensive study should be provided.

Recommendation 4: ETIF's Statute or Rule Should Be Amended to Support Effective Implementation of the "But For" Application Requirement. DECD concurs with the recommended Legislative Action that changes to the ETIF "But For" requirements should be consistent with the PTDZ requirements. The PTDZ Extension Legislation passed in 2018, now requires But For Letters submitted for a PTDZ project be notarized. DECD does not believe a notarization requirement achieves the intended goal, it simply affirms that the person signing the letter is, in fact, who he/she claims to be. If the intent is to include an actual assessment of "need" requirement for the ETIF program, the same should also apply to the PTDZ program. An across-the-board approach to both programs, would simplify and clarify the application process for businesses participating in these programs, and for DECD as the administrator of these programs.

Recommendation 5: ETIF's Economic Consideration Requirements Should Be Made More Explicit or Eliminated. DECD concurs with the recommended legislative action and concurs that the "substantial harm to existing businesses" provision should be eliminated. No business has ever been identified as causing substantial harm and thus denied access to participating in the program.

Recommendation 6: The Legislature Should Clarify Whether the Same Qualifying Jobs May Be Claimed for Both ETIF and the MBHE Program. DECD concurs with the recommended legislative action.

Recommendation 7: Statute Should Be Amended to Address Businesses That Change Ownership. DECD does not agree that this requires a statutory change and feels it can be appropriately addressed through rulemaking.

Recommendation 8: Confidentiality Status of ETIF Data Should Be Clarified. DECD concurs with the recommended legislative action and believes if additional protection standards are required, DECD will incur additional costs to software to assure those protection standards are met.

Recommendation 9: DECD and MRS Should Address Opportunities to Improve Fiscal Impact Forecasts and Update Rules. DECD concurs with the portion of the recommended management action relative to DECD updating ETIF rules.



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Recommendation 10: MRS Should Strengthen Controls to Prevent Overpayments and Ensure Accurate ETIF records. DECD has no opinion with respect to this recommendation.

Recommendation 11: DECD Should Address Information Technology and Staff Challenges. DECD concurs with the recommended Management Action and is working closely with the Office of Information Technology (OIT) to address our database needs.

- **Representative Millet requested clarification about whether information on ETIF payment amounts to individual businesses can be accessed via open checkbook.**

DECD does not know what information is or is not available via open checkbook.

- **Senator Keim requested the report DECD provided to the LCRED Committee last session with information about ETIF participating businesses; including business names and locations. GOC members did not ask to have retail businesses identified. However, given the Committee's questions about retail businesses that qualify for ETIF, there may be further questions about this once the Committee sees the list of participating business names.**

The report DECD provided to the LCRED Committee last year was relative to the PTDZ program. That list would reflect companies participating in ETIF through PTDZ, but not stand-alone ETIF businesses. Attached to this letter is a list of companies participating in the ETIF program, as of December 31, 2018. One worksheet is PTDZ/ETIF and the other is ETIF only.

With respect to the questions regarding retail businesses, DECD does not track whether businesses have a retail component. Disclosure of a company's retail activity is documented at time of application. Determination of whether a company is ETIF eligible, is based on disclosure a company must complete as part of the application and certification process.

- **Representative Mastraccio requested the report DECD was required to provide on the PTDZ Program by January 15, 2019 under PL2017, Chapter 440, Section 14.**

The letter from DECD submitted to its legislative oversight committee on January 15, 2019 is attached for reference. As we believe the committee can appreciate, six months is a very short time frame in which to complete a comprehensive study of two very significant items that relate to both the PTDZ program, which was changed significantly in 2018, and which would also apply to the ETIF program which was being evaluated by OPEGA. The PTDZ extension legislation enacted in July of 2018 tasked DECD tasked with studying the following two items:



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- Whether the income requirements with respect to qualified Pine Tree Development Zone employees pursuant to the Maine Revised Statutes, Title 30-A, Section 5250-I, subsection 18 should be amended in order to more effectually describe high-quality jobs; and
- Whether geographical limitations under the Pine Tree Development Zone Program should be amended in light of the public policy objectives of the program, given the current geographical distribution of qualified Pine Tree Development Zone businesses.

During this same window of time, DECD was working with OPEGA staff to compile data for the ETIF evaluation report as well as reviewing and providing feedback on the preliminary draft of the ETIF report. As the ETIF report, and OPEGA's recommendations, touch on items that would also impact the PTDZ program, DECD felt it best to wait for the ETIF evaluation to be finalized before undertaking a comprehensive study prior to January 15th.

Since the enactment of the PTDZ extension legislation, DECD has focused its efforts on addressing the items of concern related to the PTDZ program that were raised during OPEGA's PTDZ evaluation, and both GOC and LCRED hearings. These efforts included the following:

- Regular meetings with the Office of Information Technology (OIT) to update the program's database in advance of the CY2018 reporting season
- Proactive communications with all businesses currently certified or interested in becoming certified under the PTDZ and ETIF programs to make them aware of the changes to the PTDZ program, primarily around the annual reporting, notarized But For Letters, and changes to the sales tax benefits
- Communications with MRS around certification/sales tax benefit exemption changes
- Issued an RFI, with the assistance of OIT, with the intent to secure a new departmental database
- Drafted revised rules for the both the PTDZ and ETIF programs
- Created a PTDZ extension overview document distributed to currently participating businesses and to businesses interested in applying to the program
- Updated and enhanced the PTDZ and ETIF program websites
- Revised all PTDZ and ETIF program documents
- Created or revised internal protocols so the programs run more efficiently and consistently

DECD took very seriously the concerns raised, by both the GOC and LCRED, during the hearings relative to the PTDZ OPEGA report and for the PTDZ extension legislation. In the six months since the PTDZ extension legislation passed DECD has taken great strides and focused on making sure we did our part to address those concerns and put the programs, and the businesses who are participating in them, in the best place possible as we began 2019. This took considerable time and effort, and our work continues as further program evaluations are conducted and completed.



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DECD pledges to work with the GOC, OPEGA, MRS, and our legislative oversight committee to address the legislation and management recommendations outlined in the ETIF report. Where possible we will utilize existing staff and resources to address these various recommendations.

Please contact DECD Tax Incentive Program Director, Andrea Smith, with any questions or concerns you may have regarding this report.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Heather Johnson'.

Heather Johnson
Commissioner

Attachments: ETIF Business List as of 12/31/2018
DECD January 15, 2019 Letter to IDEA Committee

Company Name	Reports Required	County	Municipality	Certification Date	ETIF Current Reimbursement Rate	Anticipated Number Of Jobs	Anticipated Payroll	Anticipated Investment
ABM Mechanical Inc.	PTDZ & ETIF	Penobscot	Bangor	5/9/2014	80	20	\$918,460	\$440,000
Aizoon USA, Inc.	PTDZ & ETIF	Androscoggin	Lewiston	6/11/2015	80	6	\$508,000	\$90,000
American Rheinmetall Systems, LLC	PTDZ & ETIF	York	Biddeford	2/23/2017	80	4**	\$487,000	\$1,582,000
American Roots	PTDZ & ETIF	Cumberland	Westbrook	3/29/2018	80	3**	\$165,000	\$180,000
Arundel Machine Tool Co.	PTDZ & ETIF	York	Arundel	12/1/2009	80	5	\$177,500	\$2,500,000
Atlantic Fund Administration, LLC	PTDZ & ETIF	Cumberland	Portland	11/13/2009	80	25	\$1,160,500	\$630,000
ATX Advisory	PTDZ & ETIF	York	Wells	7/18/2017	80	5	\$345,000	\$100,000
Baker Company, Inc., The	PTDZ & ETIF	York	Sanford	6/8/2018	80	5	\$318,223	\$2,775,000
BarclaycardUS	PTDZ & ETIF	Franklin	Wilton	11/26/2013	80	132	\$4,180,000	\$1,480,000
Barrette Outdoor Living, Inc.	PTDZ & ETIF	York	Biddeford	8/30/2012	80	6	\$324,349	\$7,300,000
Bedard Medical, Inc.	PTDZ & ETIF	Androscoggin	Auburn	5/27/2010	80	7	\$233,000	\$2,605,000
Bedard Senior Care	PTDZ & ETIF	Androscoggin	Auburn	5/27/2010	80	3*	\$2,654,000	\$405,000
C & L Aviation Services	PTDZ & ETIF	Penobscot	Bangor	11/30/2012	80	50	\$2,078,000	\$4,240,000
Cape Seafood LLC	PTDZ & ETIF	York	Saco	9/21/2012	80	6	\$315,000	\$306,000
Carbonite, Inc.	PTDZ & ETIF	Androscoggin	Lewiston	5/9/2011	80	235	\$8,930,000	\$2,000,000
Caron Engineering	PTDZ & ETIF	York	Wells	8/31/2017	80	7	\$450,000	\$2,142,500
Carrier Welding & Fabrication, LLC	PTDZ & ETIF	Franklin	Wilton	10/11/2017	80	6	\$924,000	\$712,000
Casco Bay Molding	PTDZ & ETIF	York	Sanford	12/1/2018	80	6	\$303,298	\$2,574,000
Casco Bay Steel Structures, Inc.	PTDZ & ETIF	York	South Portland	7/15/2010	80	12	\$470,000	\$1,200,000
CGI Technologies and Solutions Inc.	PTDZ & ETIF	Kennebec	Waterville	10/22/2016	80	40	\$2,140,000	\$2,500,000
Gianbro Constructors, LLC	PTDZ & ETIF	Penobscot	Brewer	4/4/2017	80	339	\$25,665,012	\$25,665,012
Cirrus Systems	PTDZ & ETIF	York	Abbot	10/25/2018	80	7	\$515,200	\$2,225,000
Citra Health Solutions	PTDZ & ETIF	Cumberland	South Portland	12/1/2009	80	24	\$1,875,310	\$165,008
Clamar Floats	PTDZ & ETIF	Cumberland	Brunswick	8/30/2018	80	5	\$295,000	\$1,000,000
Clear H2O, Inc.	PTDZ & ETIF	Cumberland	Portland	12/30/2018	80	7	\$450,000	\$6,700,000
Compotech, Inc.	PTDZ & ETIF	Penobscot	Brewer	5/12/2014	80	6	\$424,440	\$270,000
Compounding Solutions, LLC	PTDZ & ETIF	Androscoggin	Lewiston	12/1/2009	80	4*	\$161,000	\$2,605,000
Connectivity Point Design & Installation	PTDZ & ETIF	Androscoggin	Auburn	3/23/2017	80	52	\$2,560,000	\$1,100,000
Corinth Pellets, LLC	PTDZ & ETIF	Penobscot	Corinth	2/21/2014	80	18	\$840,000	\$7,000,000
Corning Incorporated	PTDZ & ETIF	York	Kennebunk	12/30/2015	80	50	\$3,577,581	\$10,300,000
Credeire Associates, LLC	PTDZ & ETIF	Cumberland	Westbrook	9/19/2017	80	5	\$354,000	\$78,500
Daaquam Lumber, Maine Inc.	PTDZ & ETIF	Aroostook	Ashland	12/8/2015	80	140	\$6,911,415	\$5,762,000
Deep Water Buoyancy, Inc.	PTDZ & ETIF	York	Biddeford	3/24/2014	80	15	\$799,310	\$290,000
Ducktrap River of Maine, LLC	PTDZ & ETIF	Waldo	Belfast	4/24/2013	80	50	\$1,750,000	\$4,600,000
Electronic Mobility Controls	PTDZ & ETIF	Kennebec	Augusta	4/13/2009	80	13	\$678,000	\$625,000
Elmet Technologies, LLC	PTDZ & ETIF	Androscoggin	Lewiston	2/4/2015	80	168	\$8,575,504	\$15,000,000
Enviroligix, Inc.	PTDZ & ETIF	Cumberland	Portland	8/4/2009	80	61	\$1,087,878	\$6,690,000
Enviro-Mats, Inc.	PTDZ & ETIF	Somerset	New Portland	7/14/2011	80	6	\$270,000	\$260,000
EVO Merchant Services, LLC	PTDZ & ETIF	Cumberland	Portland	8/11/2009	80	10	\$472,000	\$5,750,000
F3 MFG Inc	PTDZ & ETIF	Kennebec	Waterville	12/1/2016	80	22	\$1,197,198	\$870,000
Field Phyto-Nutrients	PTDZ & ETIF	Cumberland	Brunswick	1/26/2017	80	13	\$995,000	\$2,400,000
FirstLight	PTDZ & ETIF	Cumberland	Brunswick	3/30/2012	80	9	\$300,000	\$3,000,000
Fisher Engineering	PTDZ & ETIF	Knox	Rockland	6/29/2009	80	48	\$1,888,103	\$3,650,000
Flemish Master Weavers	PTDZ & ETIF	York	Sanford	3/17/2017	80	3**	\$176,000	\$10,000,000
Front Street Shipyard	PTDZ & ETIF	Waldo	Belfast	2/18/2011	80	15	\$674,000	\$1,200,000
GAC Chemical Corporation	PTDZ & ETIF	Waldo	Searsport	12/2/2013	80	17	\$858,975	\$3,016,915
General Dynamics Ordnance and Tactical Systems	PTDZ & ETIF	York	Saco	6/26/2017	80	45	\$3,151,862	\$4,000,000
Glacier Wear	PTDZ & ETIF	Piscataquis	Greenville	9/3/2014	80	5	\$266,280	\$80,000
Grand Rounds	PTDZ & ETIF	Androscoggin	Lewiston	11/15/2016	80	150	\$7,470,000	\$1,450,000
Grover Gundrilling, LLC	PTDZ & ETIF	Oxford	Oxford	11/30/2012	80	12	\$500,000	\$3,100,000

Here Engineering Services	PTDZ & ETIF	Cumberland	Brunswick	6/19/2018	80	26	\$4,529,999	\$625,000
Hissong Ready Mix & Aggregates, LLC	PTDZ & ETIF	York	Kennebunk	12/1/2009	80	11	\$405,000	\$4,814,600
Huber Engineered Woods, LLC	PTDZ & ETIF	Aroostook	Easton	11/20/2014	80	14	\$760,000	\$2,400,000
Hussey Seating Co	PTDZ & ETIF	York	North Berwick	11/17/2011	80	20	\$1,447,566	\$868,500
Integrity Composites, LLC	PTDZ & ETIF	York	Biddeford	8/30/2012	80	8	\$300,000	\$650,000
Irving Forest Products, Inc.	PTDZ & ETIF	Aroostook	Nashville PLT	11/13/2013	80	60	\$4,297,478	\$29,434,650
J.S. McCarthy Co., Inc.	PTDZ & ETIF	Kennebec	Augusta	2/26/2014	80	5	\$210,000	\$3,150,000
Junora Ltd	PTDZ & ETIF	York	Biddeford	9/26/2018	80	23	\$1,373,783	\$3,680,000
LaBree's Bakery	PTDZ & ETIF	Penobscot	Old Town	4/25/2018	80	5	\$222,000	\$3,000,000
LAW Calibration, LLC	PTDZ & ETIF	York	Saco	11/29/2017	80	85	\$458,000	\$1,550,000
Louisiana Pacific Corporation	PTDZ & ETIF	Aroostook	Houlton	12/4/2013	80	38	\$1,425,117	\$1,210,100
Lovett Woodworks, LLC, DBA Maine Made	PTDZ & ETIF	Franklin	Wilton	11/18/2016	80	7	\$298,523	\$574,000
Lyman-Morse Boatbuilding, Inc.	PTDZ & ETIF	Knox	Thomaston	6/29/2015	80	11	\$469,548	\$500,000
Maine Manufacturing Partners LLC	PTDZ & ETIF	York	Biddeford	3/22/2018	80	5	\$330,000	\$982,000
Maine Maritime Products	PTDZ & ETIF	Waldo	Belfast	3/29/2010	80	7	\$178,000	\$883,000
Maine Molecular Quality Controls, Inc.	PTDZ & ETIF	York	Saco	11/26/2018	80	6	\$432,266	\$3,300,000
Maine Mutual Group Insurance Company	PTDZ & ETIF	Aroostook	Presque Isle	1/1/2015	80	19	\$1,050,125	\$9,206,000
Maine Standards Company, LLC	PTDZ & ETIF	Cumberland	Cumberland Foreside	11/25/2009	80	4-6*	\$184,500	\$200,000
Maine Wood Turning	PTDZ & ETIF	Franklin	New Vineyard	12/1/2012	80	5	\$207,000	\$1,355,000
Maine Woods Company, LLC	PTDZ & ETIF	Aroostook	Portage Lake	9/28/2010	80	7	\$260,000	\$1,100,000
MGA Cast Stone	PTDZ & ETIF	Oxford	Oxford	9/12/2012	80	5	\$146,000	\$470,000
Millinocket Fabrication & Machine, Inc.	PTDZ & ETIF	Penobscot	Millinocket	4/18/2018	80	5	\$244,816	\$295,000
Mingle Analytics, LLC	PTDZ & ETIF	Oxford	South Paris	8/19/2015	80	319	\$24,685,000	\$500,000
Modula Inc	PTDZ & ETIF	Androscoggin	Lewiston	11/27/2018	80	24	\$1,015,000	\$9,201,000
Molnycke Manufacturing US, LLC	PTDZ & ETIF	Cumberland	Brunswick	3/14/2013	80	12	\$798,183	\$51,274,700
Mook Sea Farm Inc	PTDZ & ETIF	Lincoln	Walpole	3/6/2017	80	3**	\$136,500	\$2,530,000
Moose River Lumber Co, Inc	PTDZ & ETIF	Somerset	Jackman	7/9/2010	80	3*	\$114,000	\$1,129,850
Mr. Boston Brands, LLC	PTDZ & ETIF	Androscoggin	Lewiston	3/14/2014	80	75	\$3,947,987	\$447,500
ND OTM LLC	PTDZ & ETIF	Penobscot	Old Town	11/13/2018	80	50	\$11,266,670	\$28,240,417
Neal Specialty Compounding, LLC	PTDZ & ETIF	Androscoggin	Lewiston	2/14/2017	80	5	\$246,000	\$5,000,000
Nikel Precision Group, LLC	PTDZ & ETIF	York	Biddeford	6/24/2015	80	65	\$3,035,000	\$7,175,000
Nordic Aquafarms, Inc.	PTDZ & ETIF	Waldo	Belfast	11/20/2018	80	23	\$2,000,000	\$249,400,000
Northeast Coating Technologies	PTDZ & ETIF	York	Kennebunk	4/15/2009	80	5	\$175,000	\$2,970,000
Ntension	PTDZ & ETIF	Penobscot	Hermon	10/15/2013	80	21	\$747,700	\$3,423,397
Nyle Systems, LLC	PTDZ & ETIF	Penobscot	Brewer	3/8/2017	80	7	\$315,000	\$2,568,350
OnProcess Technology, Inc.	PTDZ & ETIF	Waldo	Belfast	2/27/2015	80	250	\$6,510,600	\$2,200,000
Paradise Machine Co., LLC	PTDZ & ETIF	Oxford	Fryeburg	9/10/2018	80	5	\$444,320	\$742,500
Paychex, Inc.	PTDZ & ETIF	Androscoggin	Auburn	12/3/2015	80	28	\$4,166,720	\$4,875,000
Pelletier Manufacturing, Inc.	PTDZ & ETIF	Penobscot	Millinocket	6/25/2010	80	6	\$204,680	\$340,600
Pemaquid Mussel Farms LLC	PTDZ & ETIF	Lincoln	Damariscotta	9/20/2018	80	5	\$250,000	\$1,503,000
Performance Foodservice NorthCenter	PTDZ & ETIF	Kennebec	Augusta	12/5/2016	80	5	\$300,000	\$15,000,000
Pika Energy, Inc.	PTDZ & ETIF	Cumberland	Westbrook	12/1/2016	80	25	\$1,005,000	\$4,000,000
Pineland Farms	PTDZ & ETIF	Aroostook	Mars Hill	4/8/2014	80	15	\$624,143	\$7,387,800
Pineland Farms Dairy Company, Inc.	PTDZ & ETIF	Penobscot	Bangor	10/20/2017	80	17	\$878,000	\$878,000
Pioneer Plastics Corporation and Panolam Industries In	PTDZ & ETIF	Androscoggin	Auburn	7/7/2014	80	138	\$6,789,318	\$1,725,000
PK Floats, Inc.	PTDZ & ETIF	Penobscot	Lincoln	10/26/2015	80	7	\$372,480	\$1,000,000
Pleasant River Lumber	PTDZ & ETIF	Piscataquis	Dover-Foxcroft	11/5/2018	80	6	\$255,000	\$21,528,000
Pleasant River Lumber Company	PTDZ & ETIF	Penobscot	Dover-Foxcroft	11/5/2018	80	1415	\$715,000	\$6,150,000
Polycor of New England, Inc.	PTDZ & ETIF	Franklin	Jay	7/21/2015	80	12	\$630,840	\$4,804,500
Pond Cove Millwork Co.	PTDZ & ETIF	York	Saco	1/1/2018	80	9	\$459,000	\$2,035,000
Pratt & Whitney-United Technologies Corporation	PTDZ & ETIF	York	North Berwick	11/24/2015	80	250	\$16,596,235	\$142,400,000
Prescott Metal, Inc.	PTDZ & ETIF	York	Biddeford	11/30/2012	80	4*	\$274,000	\$120,000
PRL Hancock, LLC	PTDZ & ETIF	Hancock	Dover-Foxcroft	10/17/2011	80	40	\$1,000,000	\$1,600,000
PRL Sanford, LLC	PTDZ & ETIF	York	Dover-Foxcroft	11/28/2012	80	44	\$1,642,000	\$1,355,000

Rancourt and Co. Shoecrafters	PTDZ & ETIF	Androscoggin	Lewiston	11/5/2009	80	12	\$469,620	\$125,000
RedZone Wireless, LLC	PTDZ & ETIF	Knox	Rockland	12/9/2014	80	19	\$1,133,000	\$5,675,000
ReEnergy Ashland LLC	PTDZ & ETIF	Aroostook	Ashland	10/2/2014	80	25	\$1,504,895	\$2,502,190
Robbins Lumber Inc.	PTDZ & ETIF	Waldo	Searsmont	2/1/2017	80	7	\$429,996	\$36,000,000
Sargent Materials	PTDZ & ETIF	Penobscot	Stillwater	1/14/2010	80	22	\$914,677	\$3,500,000
SaviLinx	PTDZ & ETIF	Cumberland	Brunswick	11/30/2016	80	6	\$4,550,000	\$2,000,000
Schlatterbeck & Foss	PTDZ & ETIF	Cumberland	Westbrook	12/1/2009	80	2*	\$101,000	\$2,000,000
Sierra Peaks Corporation	PTDZ & ETIF	Knox	Abbot	3/3/2014	80	29	\$1,335,000	\$3,150,000
Sigco LLC and Lake Creek Properties	PTDZ & ETIF	Cumberland	Westbrook	10/22/2015	80	17	\$823,300	\$10,900,000
SnapSpace Solutions, Inc.	PTDZ & ETIF	Penobscot	Brewer	8/31/2018	80	5	\$711,000	\$130,000
St Croix Tissue, Inc.	PTDZ & ETIF	Washington	Baileyville	7/23/2014	80	80	\$5,200,000	\$120,100,000
St. Germain Collins	PTDZ & ETIF	Cumberland	Westbrook	(P)11/24/2015/(E) 1	80	5	\$350,000	\$308,000
STARC Systems, LLC	PTDZ & ETIF	Cumberland	Brunswick	1/9/2015	80	8	\$593,348	\$323,362
Stone Coast Fund Services, LLC	PTDZ & ETIF	Cumberland	Portland	7/27/2009	80	22	\$1,425,600	\$461,700
Stored Solar, LLC	PTDZ & ETIF	Penobscot	West Enfield	11/18/2016	80	34	\$1,920,000	\$360,000
Superior Concrete, LLC	PTDZ & ETIF	Androscoggin	Auburn	12/1/2014	80	6	\$244,000	\$2,000,000
T&D Wood Energy LLC	PTDZ & ETIF	York	West Baldwin	8/14/2017	80	25	\$1,288,600	\$6,732,000
Tasman Leather Group, LLC	PTDZ & ETIF	Somerset	Hartland	9/14/2011	80	158	\$4,561,016	\$4,935
TD Bank, N.A.	PTDZ & ETIF	Androscoggin	South Portland	3/25/2010	80	298	\$73,500,000	\$11,476,238
Telford Aviation Services	PTDZ & ETIF	Penobscot	Bangor	3/29/2010	80	22	\$902,000	\$180,000
The Hinckley Company	PTDZ & ETIF	Hancock	Trenton	(P) 12/15/2011/(E)	80	100	\$7,664,000	\$2,109,500
The Partner Group, LLC	PTDZ & ETIF	Kennebec	Winslow	2/25/2009	80	80	\$2,480,000	\$2,700,000
The Prudential Insurance Company of America	PTDZ & ETIF	Cumberland	Portland	9/8/2009	80	38	\$2,078,080	\$500,000
Tom's of Maine	PTDZ & ETIF	York	Kennebunk	5/18/2016	80	19	\$1,155,000	\$6,355,000
Twin City Sheet Metal, Inc.	PTDZ & ETIF	Penobscot	Brewer	6/5/2014	80	6	\$252,600	\$65,000
Twin Rivers Paper Company	PTDZ & ETIF	Aroostook	Madawaska	11/23/2010	80	635	\$35,625,713	\$40,944,713
Wayfair	PTDZ & ETIF	Cumberland	Bangor	5/10/2016	80	948	\$34,962,240	\$7,907,400
WedgeRock, Inc.	PTDZ & ETIF	York	Limerick	1/1/2017	80	7	\$374,000	\$600,000
Wesmac Custom Boats, Inc.	PTDZ & ETIF	Hancock	Surry	10/18/2012	80	7	\$262,825	\$1,775,000
Western Polymer Corporation	PTDZ & ETIF	Aroostook	Fort Fairfield	12/11/2013	80	15	\$998,000	\$1,000,000
Whitney Wreath	PTDZ & ETIF	Washington	Whitneyville	5/26/2009	80	352	\$1,492,000	\$1,545,000
Wicked Joe, LLC	PTDZ & ETIF	Sagadahoc	Topsham	6/2/2014	80	2*	\$85,814	\$625,000
Woodland Pulp, LLC	PTDZ & ETIF	Washington	Baileyville	10/1/2010	80	295	\$520,783,706	\$11,800,000
Xpress Natural Gas LLC	PTDZ & ETIF	Washington	Baileyville	11/21/2012	80	6	\$215,000	\$4,554,000
Yachting Solutions, LLC	PTDZ & ETIF	Knox	Rockport	1/17/2018	80	5	\$244,000	\$1,530,000
Zajac	PTDZ & ETIF	York	Saco	4/5/2018	80	16	\$994,000	\$820,000
*Company indicated they would be creating less than then 5 net-new qualified jobs required to qualify for ETIF when they applied to the program but have documented the ETIF requirements have been met through annual reports submitted to DECD								
**Company is currently within the two calendar years of becoming certified to meet PTDZ and ETIF benefits.								

Company Name	Reports Required	County	Municipality	Certification Date	ETIF Reimbursement Rate	Anticipated Investment	Anticipated Payroll
A. Duie Pyle, Inc.	ETIF only	Cumberland	South Portland	11/17/2017	30	\$15,025,830	\$6,923,873
Allagash Brewing Company	ETIF only	Cumberland	Portland	11/16/2011	30	\$12,000,000	\$773,000
Apothecary by Design, LLC	ETIF only	Cumberland	South Portland	10/1/2012	30	\$829,184	\$267,000
Archer Machine	ETIF only	York	Limington	8/1/2012	30	\$690,000	\$525,000
Bristol Seafood LLC	ETIF only	Cumberland	Portland	1/1/2018	30	\$3,650,000	\$426,000
ConvenientMD, LLC	ETIF only	Cumberland	Westbrook	12/6/2017	30	\$3,400,000	\$940,000
Dechra	ETIF only	Cumberland	Portland	9/17/2010	30	\$8,050,000	\$1,375,000
emg3, LLC	ETIF only	Cumberland	Falmouth	6/10/2010	30	\$3,000,000	\$450,000
Fish Vet Group, Inc.	ETIF only	Cumberland	Portland	12/1/2011	30	\$461,000	\$333,000
IDEXX Distribution Inc	ETIF only	Cumberland	Westbrook	3/15/2012	30	\$35,000,000	\$562,000
IDEXX Laboratories, Inc.	ETIF only	Cumberland	Westbrook	9/15/2010	30	\$5,300,000	\$1,364,000
IDEXX Operations Inc	ETIF only	Cumberland	Westbrook	3/15/2012	30	\$35,000,000	\$562,000
Kerry, Inc.	ETIF only	Cumberland	Portland	1/1/2016	30	\$1,000,000	\$722,000
LAI International	ETIF only	Cumberland	Scarborough	1/1/2016	30	\$8,000,000	\$3,976,000
Lanco Assembly Systems, Inc.	ETIF only	Cumberland	Westbrook	11/9/2011	30	\$634,000	\$2,053,434
Maine Coast Shellfish, Inc.	ETIF only	York	York	2/28/2011	30	\$1,572,000	\$229,000
Navatek, Ltd.	ETIF only	Cumberland	Portland	1/1/2018	30	\$4,500,000	\$1,737,888
Ogletree, Deakins, Nash, Smoak & Stewart, P.C.	ETIF only	Cumberland	Portland	1/1/2018	30	\$129,000	876,500
Sea Bags, LLC	ETIF only	Cumberland	Portland	1/11/2013	30	\$128,500	\$138,000
SFX America, LLC	ETIF only	Cumberland	Portland	2/3/2011	30	\$1,200,000	\$396,000
Sinclair Broadcast Group	ETIF only	Cumberland	Raymond	7/25/2013	30	\$2,129,188	\$2,280,354
Stonewall Kitchen	ETIF only	York	York	5/4/2011	30	\$1,432,960	\$475,050
Sun Life Financial Services Company, Inc.	ETIF only	Cumberland	Scarborough	1/1/2015	30	\$1,500,000	\$3,791,901
T Doc Creative Partners, LLC	ETIF only	Cumberland	Portland	12/6/2017	30	\$388,400	\$388,400
Taylor Stitch	ETIF only	Cumberland	Portland	1/1/2018	30	\$195,000	\$386,000
The Swanson Group LLC	ETIF only	Cumberland	Westbrook	1/1/2018	30	\$630,500	\$427,836
Tilson Technology Management, Inc.	ETIF only	Cumberland	Portland	11/8/2010	30	\$60,000	\$2,402,775
TrueLine Publishing, LLC	ETIF only	Cumberland	Portland	7/28/2011	30	\$130,000	\$290,000
Tyler Technologies, Inc.	ETIF only	Cumberland	Yarmouth	7/6/2015	30	\$15,000,000	\$1,710,375
Vets First Choice	ETIF only	Cumberland	Portland	10/18/2016	30	\$1,000,000	\$6,054,626
Winxnet	ETIF only	Cumberland	Portland	12/1/2012	30	\$275,000	\$2,590,600



STATE OF MAINE
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JANET T. MILLS
GOVERNOR

HEATHER JOHNSON
ACTING COMMISSIONER

January 15, 2019

Honorable Erin Herbig, Senate Chair
Honorable Matthea Larsen-Daughtry, House Chair
Committee on Innovation, Development, Economic Advancement and Business
100 State House Station
Augusta, Maine 04333

RE: Public Law Chapter 440 (L.D. 1654) "An Act To Protect Economic Competitiveness in Maine by Extending the End Date for Pine Tree Development Zone Benefits and Making Other Changes to the Program.

Dear Senator Herbig, Representative Larsen-Daughtry and members of the Committee:

Public Law Chapter 440, which extended the Pine Tree Development Zone Program until December 31, 2021, charged the Department of Economic and Community Development (DECD) to study and report, by January 15, 2019, the following two items relative to the passage of the above-referenced legislation:

- Whether the income requirements with respect to qualified Pine Tree Development Zone Employees pursuant to the Maine Revised Statutes, title 30-A section 5250-I, subsection 18 should be amended in order to more effectually describe high-quality jobs; and
- Whether geographical limitations under the Pine Tree Development Zone program should be amended in light of the public policy objectives of the program, given the current geographical distribution of qualified Pine Tree Development Zone businesses.

As a result of its findings, DECD was to recommended legislation to the joint standing committee of jurisdiction so the committee may report out a bill in response to the study to the First Regular Session of the 129th Legislature.

Since the passage of LD 1654 in July of 2018, DECD's Tax Incentive Program Division has focused its efforts on putting the appropriate parameters in place to meet all the required changes to the program, effective January 1, 2019. The significant program changes focused primarily on the changes to the qualification and certification process, and the annual reporting process and evaluations for both program participants and DECD.



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These efforts have included monthly meetings with the Office of Information Technology to update the program's database as well as the preparation of a Request for Information that will be issued in January of 2019 with the intent to secure a new departmental database to address various issues outlined in OPEGA's report on the Pine Tree Development Zone Program (PTDZ) and by our legislative oversight committee during the 2018 legislative session.

DECD's Tax Incentives Program Division has also been in communications and met with OPEGA staff relative to their draft report on the evaluation of the Employment Tax Increment Financing (ETIF) Program, which is set to be heard by the Government Oversight Committee on January 24, 2019. DECD has reviewed drafts, including the final draft, and offered feedback and comments relative to this evaluation. We mention this as the significant ETIF benefit available to PTDZ certified companies makes the two programs heavily aligned.

In preparation of the submission of this letter, DECD has also consulted with and obtained information relative to this study from the Department of Labor and Maine Revenue Services, regarding both geographical data and income requirements. As the evaluation and recommendations of the OPEGA ETIF report have not yet been finalized, DECD felt it best to wait for the ETIF evaluation to be finalized before undertaking any significant review of these two areas specific to PTDZ.

Since the passage of LD 1654, DECD has also undertaken draft rulemaking for both the PTDZ and ETIF programs, and expects to finalize those processes during the current legislative session. Rulemaking is necessary to align the PTDZ rules with the enactment of LD 1654, as well as other prior statutory changes, and to address recommendations resulting from OPEGA's PTDZ report and pending ETIF evaluation.

As a result of our PTDZ efforts to date, since the passage of LD1654, DECD is not recommending any legislative changes to the PTDZ program at the present time. We feel that to do so would be cumbersome, and likely confusing to program participants, until the evaluation of the ETIF program is complete and the recommendations resulting from that report are finalized. Once the recommendations of that evaluation are finalized, DECD believes some statutory changes could be needed and could be done for both programs at the same time.

Please contact DECD Tax Incentive Program Director, Andrea Smith, with any questions or concerns you may have regarding this report.

Sincerely,
A handwritten signature in black ink, appearing to read 'Denise Garland'.

Denise Garland
Deputy Commissioner