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ADMINISTRATIVE & FINANCIAL SERVICES

KIRSTEN LC FIGUEROA
COMMISSIONER

MAINE REVENUE SERVICES

JEROME D. GERARD
EXECUTIVE DIRECTOR

December 31, 2021

Senator Benjamin Chipman, Co-Chair
Representative Maureen Terry, Co-Chair
Joint Standing Committee on Taxation
100 State House Station
Augusta, ME 04333-0100

Dear Committee Co-Chairs:

Pursuant to 36 M.R.S. § 5219-QQ(4)(B), I am reporting on the revenue loss to the State of Maine as a result of the credit for major business headquarters expansions for tax years ending in 2020. There has been no revenue loss to the State as a result of the credit. The credit first became available for tax years beginning in 2020.

Pursuant to 36 M.R.S. § 5219-RR(9)(C), I have enclosed the annual report regarding the revenue loss to the State of Maine from the credit for Maine shipbuilding facility investment.

Pursuant to 36 M.R.S. § 5219-VV(5)(C), I am reporting on the revenue loss to the State of Maine as a result of the credit for major food processing and manufacturing facility expansion for tax years ending in 2020. There has been no revenue loss to the State as a result of the credit. The earliest a credit may be claimed is for tax years beginning in 2022.

Please feel free to contact me if you have any questions about this report.

Sincerely,

Jerome D. Gerard

Enc.

cc: Members of the Joint Standing Committee on Taxation
Kirsten LC Figueroa, Commissioner, DAFS



**Revenue Loss to the State from the tax credit for Maine shipbuilding
facility investment**

**A Report Prepared for the:
Joint Standing Committee on Taxation**

**Department of Administrative and Financial Services
Maine Revenue Services**

December 31, 2021

I. Introduction

Maine Revenue Services (“MRS”) is providing this report in compliance with Maine Revised Statutes Title 36, section 5219-RR, subsection 9, paragraph C, which requires the agency to provide annual reports to the Joint Standing Committee on Taxation of the revenue loss to the State as a result of the credit for Maine shipbuilding facility investment for each taxpayer claiming the credit. This report follows the annual report on the credit issued by the Department of Economic and Community Development pursuant to paragraph B.

II. Description of Benefits

A nonrefundable income tax credit is available to shipbuilders who meet employment and investment thresholds and are certified by the Commissioner of the Department of Economic and Community Development to receive the credit.

Certification requires, among other things, that the applicant employs at least 5,000 qualified workers, has made a qualified investment of at least \$100,000,000 and does not receive Pine Tree Zone or ETIF benefits. The credit is equal to \$3 million per year and can be increased up to \$3.5 million if the applicant satisfies certain employment and investment criteria. The credit is reduced if qualified employment falls below 5,500, and taxpayers with qualified employment below 4,000 cannot claim the credit. Unused credits cannot be carried forward.

Taxpayers may claim the credit for 10 consecutive years. This limitation is extended to 15 consecutive tax years if the taxpayer makes an additional \$100 million investment.

III. General Fund Revenue Loss for Tax Years Ending in 2020

Maine Revenue Services is required to report the revenue loss during the tax year ending in the previous calendar year as a result of this credit for each taxpayer claiming the credit. For purposes of the report, "revenue loss" means the credit claimed by the taxpayer and allowed pursuant to Title 36, section 5219-RR.

For tax years ending in 2020, only one taxpayer claimed the credit. The revenue loss to the State for this taxpayer was \$3 million.