

LD 1919

MRS comments

Jones, Julie

From: DAlessandro, Daniel <Daniel.DAlessandro@maine.gov>
Sent: Tuesday, February 22, 2022 1:39 PM
To: Jones, Julie
Cc: Sagaser, John W.; Trundy, Anya; Allen, Michael J. (MRS)
Subject: LD 1919

on 2/11
revised
draft

This message originates from outside the Maine Legislature.

Hi Julie, below is our analysis on LD 1919. Can you make sure it gets to Dr. Evans and the TAX chairs?

Below is the list of issues identified by income tax division on the LD 1919 amendment. As drafted, the amendment is not administrable. Structuring the bill in standard legislative/statutory format would likely resolve some of the questions below and give an opportunity to simplify the credit.

- It is not clear whether the benefit is intended to be an income tax credit or a reimbursement.
- The procedures in sub-§ 2 were copied from other credits in Title 36 that generate larger benefits. These procedures may be unnecessarily complex and burdensome for taxpayers claiming a credit of a smaller value.
- The bill is not properly structured in standard legislative/statutory format, lending to confusion and misinterpretations. This includes improper/incorrect statutory citations and references, such as the references to: 36 M.R.S. § 5219, sub-§ AAA; Sec. 1 36 MRSA § 5219, sub-§AAA, 2 (see ¶ D on page 1); "paragraph" and "subparagraphs" on page 3.
- There are significant questions regarding a qualified employee and the calculation of the benefit:
 - o The timing for hiring a qualified employee is unclear. It appears that a qualified employee may include an employee hired prior to the issuance of a certificate of approval or the certificate of completion.
 - o If the benefit is an income tax credit, the 900 hours should be measured with respect to the taxpayer's tax year (rather than the calendar year).
 - o Work of a qualified employee is not limited to work performed for the qualified applicant.
 - o Work of a qualified employee is not limited to work performed in Maine; 100% of the work could be performed outside Maine.
 - o The language should specify the body of law that is referred to as the Employment Security Law.
 - o The 160 hours of wages is not limited to the period of training.
- Significant terms are not defined or are not defined clearly, including timber harvesting, timber hauling, forest road construction business, raw materials, wood products facility, roads used *primarily* for timber harvesting, timber harvesting support activities, average base level of employment, applicant's headquarters, procedures for application, full-time, employment security law, commissioner, qualified business, affiliated business, processing raw forest products, forest road maintenance, etc.
- Terms are not used consistently. For example, the term qualified investment is defined, but the text uses the term qualified business investment.
- The benefit in sub-§ 3 should be with respect to a taxpayer that has received a certificate of completion and not with respect to a qualified applicant.
- The rulemaking provision in sub-§ 4 should stipulate whether the resulting rules are major substantive or routine technical. Also, it may be preferable that the rulemaking requirement be discretionary rather than mandatory.

Thank you and let me know if you have any questions,
Daniel

Daniel D'Alessandro