



**Revenue loss to the State from the tax credit for major business
headquarters expansions**

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

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

December 31, 2022

I. Introduction

Maine Revenue Services (“MRS”) is providing this report in compliance with Maine Revised Statutes Title 36, section 5219-QQ, subsection 4, paragraph B, which requires MRS to provide an annual report to the Joint Standing Committee on Taxation of the revenue loss to the State as a result of the credit for major business headquarters expansions. This report follows the annual report on the credit issued by the Department of Economic and Community Development pursuant to Title 36, section 5219-QQ, subsection 4, paragraph A.

II. Description of Benefits

A refundable income tax credit is available to major businesses 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 a major business has or will have its headquarters located in Maine, employs at least 5,000 full-time employees worldwide of which at least 25% are or will be based in Maine, has business locations in at least three other states or foreign countries, and makes a qualified investment of at least \$35,000,000 in its headquarters in the State.

The refundable credit is equal to 2% of the amount of actual qualified investment made by the certified applicant. The credit is disallowed in any year the applicant fails to meet or exceed statutory employment targets. The employment targets increase after 10 years. A major business may claim this credit for up to 19 years after the year of certification.

III. General Fund Revenue Loss for Report Year 2021

MRS is required to report the revenue loss during the report 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-QQ, subsection 4, paragraph B, consisting of the amount of the credit used to reduce the tax liability of the taxpayer and the amount of the credit refunded to the taxpayer, stated separately. “Report year” means the tax year ending during the immediately preceding calendar year.

For report year 2021, only one taxpayer with a tax year ending in 2021 claimed the credit. The amount of the credit used to reduce the tax liability of the taxpayer was \$0, and the amount of the credit refunded to the taxpayer was \$800,000. The total revenue loss to the State was \$800,000.