



MEREDA

LEGISLATIVE AND REGULATORY WEEKLY UPDATE

Friday, December 01, 2017

LEGISLATIVE UPDATE

LEGISLATIVE LOAD INCREASES TO 412 BILLS FOR SECOND REGULAR SESSION

The ten-member Legislative Council met on Thursday, November 30 at the State House to consider appealed bill requests for introduction in the Second Regular Session. The Council previously met in October to consider 272 bill requests and voted to admit only 63. On Thursday, the Council heard 99 appeals from legislators whose bills were not admitted during the October meeting. The Council voted to admit 30 and tabled several because the sponsors were not present for the meeting. Most of the failed bills went down along party line votes of five to five. The 93 bills now admitted by the Council this fall will be added to the 319 carry-over bills from the First Regular Session, for a total of 412 bills in the hopper so far. The Second Regular Session convenes on January 3, 2018.

MAINE REVENUE FORECASTERS INDICATE STATE SURPLUSES

On Monday, the Consensus Economic Forecasting Commission released its economic forecast report. The report indicates that the state's General Fund revenues ended fiscal year 2017 over budget by \$41.4 million. Maine Revenue Services cautioned, however, that individual income tax payments for the first and second quarters of 2017 were paid prior to the repeal of the 3% surcharge on high-income earners. Since the repeal is retroactive, Maine Revenue Services expects there may be higher tax refunds next year as a result of overpayments reflecting the surcharge. Yet, revenue from income tax payments received in September from individuals and corporations remained above projections, although they were flat compared to the same quarter a year ago. On other measures, the Commission reduced its projection for 2017 personal income growth from 3.2% to 3.0% and continued to point to Maine's aging demographic and tight labor market as serious constraints to future job growth in the state.

TAXATION COMMITTEE HEARS RECOMMENDATIONS FROM OPEGA ON PINE TREE DEVELOPMENT ZONES, NEW MARKETS CAPITAL INVESTMENT PROGRAM

On Monday, the Taxation Committee met to review and make recommendations to the Legislature on the Pine Tree Development Zones (PTDZ) and the New Markets Capital Investment Program (NMCI Program). The Office of Program Evaluation and Government Accountability (OPEGA) recently concluded evaluations on both tax incentive programs as part of its ongoing review process. The PTDZ program was hotly debated. Some Committee members argued that the program should primarily target severely economically depressed regions of the state. Others felt that the program is designed to level the playing field to allow Maine to compete with other states for business and should be available statewide. The PTDZ is set to sunset at the end of 2018, and legislation to extend the program has been admitted for

consideration in the Second Regular Session. The Committee voted to recommend that any legislation to extend the program should also contain changes to the program to clarify the goals and measurements of success, and to recommend that the OPEGA report recommendations be included in the changes. The NMCI Program's initial allocation will expire in 2018, but the Committee decided to recommend putting into statute the current rule prohibiting same-day loans, and asking Maine Revenue Services to develop a plan in the event aggregate claims in one year exceed the annual \$20 million cap on total credits claimed. Such a circumstance may arise due to carryovers, extensions, or delays in taxpayer filings.

If you have any questions regarding any of the above, please don't hesitate to contact MEREDA Public Policy Counsel Andrea Cianchette Maker (207) 791-1101, amaker@pierceatwood.com or Elizabeth Frazier (207) 791-1155, efrazier@pierceatwood.com.