

January 28, 2016

Taxation committee tables discussion of tax conformity bill

Conformity proposal important to Maine businesses

On Wednesday, the Joint Standing Committee on Taxation tabled discussion on **LD 1564**, *An Act to Update References to the United States Internal Revenue Code of 1986 contained in the Maine Revised Statutes*. The emergency bill is sponsored by Sen. Earle McCormick (R-Kennebec). Representing the Maine State Chamber, Linda Caprara testified in support of LD 1564 at the public hearing held on Monday, January 25 at 10:00 a.m. LD 1564 would align Maine's expiring tax provisions relating to Section 179 business deductions and extend federal bonus depreciation.

The bill was tabled because some committee members wanted more information from the LePage administration, before they voted on LD 1564 — specifically the bill's funding and revenue source. The total cost of LD 1564 as amended would be approximately \$38 million. The committee plans to revisit LD 1564 at the work session scheduled for Wed., February 3.

The LePage administration came forward at the public hearing and offered an amendment to strike the language on full conformity with bonus depreciation and

instead continue the Maine Capital Investment Credit. With respect to bonus depreciation, Maine has decoupled from the feds in the past and adopted the credit in place of bonus depreciation. The credit is equal to nine percent for taxable corporations, eight percent for individuals in 2015, and seven percent for individuals in 2016. The Maine State Chamber testified in support of the amendment.

As background, Congress passed and President Barack Obama signed the Protecting Americans from Tax Hikes (PATH) Act on December 18, 2015, expanding the current Section 179 deduction limits to \$500,000 permanently with a phase out beginning at \$2 million and extending federal bonus depreciation through 2019 (50% for property placed in service from 2015 through 2017; 40% for 2018; and, 30% for 2019). Known as Section 179 deductions, Congress increased the amount from \$25,000 to \$500,000 in 2010 through 2013 in an effort to stimulate investment and to grow the United States' economy and increase jobs. If Maine does not adopt Section

Continued on Page 3...

Taxation committee votes out divided report on bill to fund Maine's clean elections

The Taxation committee held a work session on Wednesday, January 27 to discuss the Maine Clean Elections referendum that was passed by voters in November 2015. The measure requires the Taxation committee to report out a bill, within 45 days of the effective date of the law, to permanently eliminate \$6 million of "corporate tax expenditures" over the biennium to fund clean elections. The measure also requires that the \$6 million in business tax expenditures *must* come from "low performing" incentives identified by the Office of Program Evaluation and Government Accountability (OPEGA).

There are several problems with the language contained in the measure. First, it does not define "corporate tax expenditure." Second, OPEGA has not even begun to conduct its performance review of tax expenditures so it would be premature for OPEGA to recommend the elimination of any tax expenditure prior to conducting the review.

At the work session, the Taxation committee voted out a divided report that will provide the necessary \$3 million in this year of the biennium to fund Maine

Continued on Page 3...

**Recruiting
employees or interns?**

Upcoming Career Fairs

**University of Maine
Wednesday, February 3, 2016
10:00 a.m. to 3:00 p.m.
New Balance Recreation Center,
University of Maine campus**

Nearly 120 employers and more than 850 students attended the 2015 UMaine Career Fair, and it is expected that the 2016 Career Fair will meet or exceed those numbers. Please contact Kate Axelsen Foster, assistant director / employer relations, by calling (207) 581-1353 or by emailing kate.axelsenfoster@maine.edu if you would like to learn about the University of Maine's Career Fair in greater detail.

**Thomas College Career Fair
Wednesday, March 9, 2016
10:00 a.m. to 2:00 p.m.
Alfond Athletic Center,
Thomas College, Waterville**

Cost for table space and lunch is \$75 for profit and \$50 for non-profit or governmental agencies. For more information, please contact Diane Anderson, assistant director of career services, by emailing andersond@thomas.edu or by calling (207) 859-1464. Online registration and additional information is available at www.thomas.edu/careerfair. □

New website designed to attract top talent to Maine companies

Maine's reputation as "Vacationland" is well earned, but surprisingly few professionals know it is also an ideal place to launch or continue a career. One of the state's leading recruitment and career management professionals is out to change this and help promote Maine as a destination for talented employees from across the country.

LiveandWorkinMaine.com is a new website, developed by Ed McKersie, president of ProSearch, Inc., designed to engage job seekers from outside Maine, providing information about employment opportunities and Maine's unsurpassed quality of life. LiveandWorkinMaine.com provides job seekers tools to explore Maine's employment opportunities and the unique lifestyle Maine has to offer. The site will serve as the cornerstone of a community-based marketing and awareness effort designed to promote the Maine employment brand to the national talent market.

"The competition for talent is global – and high demand talent has the ability to work and live where they choose," said McKersie. "Maine's quality of life should be marketed as a competitive advantage."

The program's tagline, *Visit for a Week, Stay for a Lifetime*, highlights a unique component of the campaign aimed at encouraging visitors to consider job opportunities in Maine. Out-of-state job seekers may be eligible to receive reimbursement for their Maine vacation if they are hired within a year by an employer in the Live + Work in Maine network as a signing bonus.

"Employers in Maine recognize that the competition for quality talent isn't with other local companies, but really lies outside the

state," said Geo Twigg, human resources manager at IDEXX, one of the first employers to join the Live + Work in Maine network. "This cooperative effort to promote all the great career opportunities among top companies here in Maine is very compelling to growing employers, and something we have needed for a long time."

The site features dozens of video testimonials from individuals who have successfully relocated to Maine from around the country, including Quincy Hentzel, who relocated from Chicago to become director of community outreach for Portland-based advertising agency Industrium. "One of the biggest surprises I have seen since I moved to Portland is how fulfilled I've been professionally," says Hentzel. "I really was under the impression that there wasn't going to be a lot of opportunity here, and it turned out not to be the case at all."

LiveandWorkinMaine.com is not a job board; it is a robust resource for job seekers that includes employer profiles, testimonials from professionals who have relocated to Maine, details on internships and first career options for college students and new graduates, and information on Maine's eight regions. The result is a searchable employment market that showcases the depth and diversity of career options available in Maine. Job seekers are able to search for opportunities by employer, industry, company size, region or lifestyle.

To create your company's free employer profile and learn more about how you can be part of Live + Work in Maine, visit <http://www.liveandworkinmaine.com/> or email info@liveandworkinmaine.com. □

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About the Maine State Chamber of Commerce: *Since 1889, the Maine State Chamber has been fighting to lower your cost of doing business. Through our Grassroots Action Network and OneVoice program, we work with a network of approximately 5,000 companies statewide who see the value in such a service and provide the financial support that keeps our access, advocacy, and assistance efforts going strong. As Maine's Chamber, we make sure that the business environment of the state continues to thrive. The Maine State Chamber of Commerce advocates on behalf of their interests before the legislature and regulatory agencies and through conferences, seminars, and affiliated programs.*

Tax Conformity... **(Continued from Page 1...)**

179, Maine companies will only be able to expense \$25,000 versus \$500,000 of tangible personal property in any given year. Companies in other states would be able to deduct business expenses faster and be more competitive than their counterparts in Maine.

When companies want to expand and purchase new equipment, start up a business or just need to update existing equipment to remain competitive, the immediate cash savings offered by Section 179 can be critical for cash flow purposes, especially in a year when business expenses are high. Section 179 allows businesses to expense both new and used tangible personal property immediately.

The purpose of bonus depreciation is to encourage companies to invest sooner

by allowing them to take accelerated depreciation on equipment purchased in Maine. This was done to stimulate the economy by encouraging more investment and increasing jobs at the same time. If Maine does not adopt the bonus depreciation provisions, Maine companies will no doubt be placed at a competitive disadvantage with companies that operate in states with accelerated depreciation. These provisions are especially important to Maine's small business community, as approximately 80% of Maine businesses are "pass through entities," such as LLCs, partnerships, or S-corps. Adoption of both Section 179 and the federal bonus deductions, or at least Maine's version, is absolutely imperative to keep Maine businesses competitive.

For more information, please contact Linda Caprara by calling (207) 623-4568, ext. 106, or by emailing lcaprara@mainechamber.org. □

Clean Elections... **(Continued from Page 1...)**

clean elections. The five Republicans present—Sen. Earle McCormick, Sen. Paul Davis, Rep. Stedman Seavey, Rep. Bruce Bickford, and Rep. Tom Skolfield—voted to strip out the language requiring the elimination of "corporate tax expenditures" and instead replacing it with language requiring the measure be funded through the general fund. The six Democrats on the committee—Sen. Nate Libby, Rep. Adam Goode, Rep. Denise Tepler, Rep. Matt Moonen, Rep. Steve Stanley, and Rep. Diane Russell) voted to fund the measure through adopting language similar to what was found in **LD 341, *An Act to Prevent Tax Haven Abuse***. The bill would have required corporations that file unitary income tax returns to include income from certain jurisdictions outside the United States in net income when apportioning income among tax jurisdictions. The Maine State Chamber strongly opposed LD 341 during the first regular session in 2015. The bill died in non-concurrence. Rep. Paul Chace (R-Durham) and Rep. Gary Sukeforth (I-Appleton) were not present during the vote and will have an opportunity to register their vote on either report within 48 hours.

While Maine voters did approve the statewide clean elections referendum question (Question 1) on the ballot in November 2015, the vote was a lot closer than early polls showed, and the gap was narrowed substantially due to the work by the "No on Question 1" coalition formed by the Maine State Chamber and 14 other business associations statewide, representing thousands of Maine employers across the state. Coalition members were not opposed to clean elections; they were all opposed to the funding mechanism contained in Question 1.

If you have any questions, please contact Linda Caprara by calling (207) 623-4568, ext. 106, or by emailing lcaprara@mainechamber.org. □

Public Hearings

Public hearings are open to everyone. This public hearing schedule is subject to change. Questions may be directed to the Secretary of the Senate's Office at (207) 287-1540. For the most current schedule, please visit <http://legislature.maine.gov/lia/committee-membership/9089/> or contact the committee clerk.

Tuesday, February 2, 2016

Labor, Commerce, Research and Economic Development
2:00 p.m.; Cross Building, Room 208

LD 1553, An Act To Improve the Workers' Compensation System (Sponsor: Sen. Cushing of Penobscot)

Wednesday, February 3, 2016

State and Local Government
1:45 p.m.; Cross Building, Room 214

LD 1525, An Act To Encourage the Purchase of Products Made in Maine and in the United States and To Give Preference to Maine Businesses When Awarding Contracts (Sponsor: Sen. Saviello of Franklin)

Taxation
10:00 a.m.; State House, Room 127

LD 1551, An Act To Make Additional Technical Changes to Recently Enacted Tax Legislation (Sponsor: Sen. McCormick of Kennebec) □

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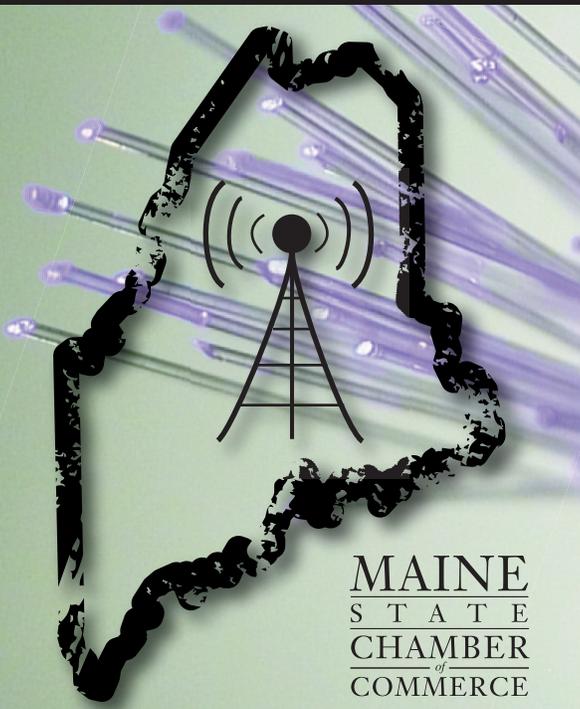


Maine Broadband Symposium

Friday, February 12, 2016
9:00 a.m. to Noon
Senator Inn, Augusta

Join the Maine State Chamber of Commerce for its first symposium focusing on broadband in Maine. The event will explore in depth the state's broadband issues currently being debated by the Maine Legislature. Highlights include panel discussions on the variety of topics about Maine's current broadband network and the economics of the future buildout of broadband in Maine. Broadband policy is likely to be a big policy area tackled by the Maine Legislature during the second legislative session.

Maine's broadband infrastructure is a key component in growing our economy – you won't want to miss this informative event! **To register** for this event, please email Amy Downing at adowning@mainechamber.org. □



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