**VLA committee gets last chance at referendum reform this session**

**Bill would increase transparency in process**

The Joint Standing Committee on Veterans and Legal Affairs took testimony on LD 1865, *An Act To Increase Transparency in the Direct Initiative Process*, sponsored by Rep. Louis Luchini (D-Ellsworth). The bill’s goal is to bring greater transparency and accountability to the referendum process.

As drafted, the bill would make three changes to the law governing Maine’s referendum process. First it would make changes to the statements the Secretary of State would require on the petitions used to gather signatures. Specifically in the case of a paid signature gatherer, it would require the circulator’s name to be printed on the petition, as well as the fact that the circulator is being paid to gather the signatures. Second, it creates a conflict of interest for notaries who are employed or providing services to petitioners. Third and lastly, the bill would require new financial reporting from major contributors to a direct initiative or People’s Veto effort. As defined, a major contributor is an entity that makes contributions of more than $100,000 in aggregate to a ballot direct initiative or People’s Veto. In this respect, the report would require the release of the name and purpose of the contribution, the five largest sources of income in the year prior to the filing of the report, whether the organization received contributions for the intent of influencing a ballot question, their tax exempt status, and whether they filed campaign finance reports in other jurisdictions.

Peter Gore, vice president of government relations, testified in support of the bill on behalf of the Maine State Chamber. In his testimony, Gore indicated both the issue and the bill had been discussed at the Maine State Chamber’s recent Board of Directors’ meeting. The Maine State Chamber and the Board strongly believe that greater transparency, accountability, clarity, and honesty in the state’s referendum process is a critical issue for the business community, and the state as a whole.

“We believe it will help Maine people to better understand who is behind these efforts and to better decide whether those promoting its passage represent a true grassroots effort or outside well-funded special interests that may put their policy goals above the ordinary Maine person,” Gore said. “And ordinary Maine people are not always those gathering signatures or working on the question.”

The committee seemed interested in pursuing at least some elements of the bill, although some – like the circulator’s name on the petition – appeared to have constitutional problems. It is important to point out that unlike some of the other referendum reform bills presented last year, LD 1865 does not change anything in Maine’s constitution. Therefore a two-thirds vote of approval by both legislative bodies is unnecessary.

For additional information or questions, please contact Peter Gore by calling (207) 623 4568, ext. 107, or by emailing pgore@mainechamber.org.

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**Tax committee continues to work federal tax conformity**

Failure to adopt tax conformity will result in administrative nightmare for Maine businesses

Last week, the Joint Standing Committee on Taxation held a number of work sessions on LD 1655, *An Act to Update References to the United State Internal Revenue Code of 1986 contained in the Maine Revised Statutes (Emergency)*, sponsored by Sen. Dana Dow (R-Lincoln). The committee spent a considerable amount of time talking about process and continuing to discuss tax conformity and its impact to Maine taxpayers.

This year, conformity is especially important as the federal government recently passed into law the federal Tax Cuts and Jobs Act on December 22, 2017. On Thursday, March 22, the Taxation committee discussed the individual income tax changes and began discussion of timing issues with respect to taxpayer filings.

In addition to the excessive administrative burden with non-conformance that will be placed on Maine businesses, there are a number of other issues that will result if Maine fails to conform to the federal code.

First, Maine Revenue Services (MRS) will lose the support of the federal government to audit personal exemp-
Education and Cultural Affairs committee unanimously supports LD 1843

On Wednesday, March 21, the Education and Cultural Affairs committee voted unanimously in favor of a bill that increases funding to Maine career and technical education schools. LD 1843, An Act to Amend Career and Technical Education Statutes, amends the current calculation of state subsidy for career and technical education (CTE) from an expenditure-driven model to a cost model in order to recognize current costs of direct instruction, operation of facilities, and student and administrative support. The bill also changes the subsidy payment for satellite programs and career and technical education regions and establishes funding provisions for the operation of career and technical education middle school programs through authorization of pilot programs.

The Maine State Chamber supports policies and regulations that spur the investment in, and help to grow, our economy. One of the biggest issues facing our state today is our current workforce challenge. It is widely known that by 2025, Maine will need approximately 158,000 more workers with postsecondary degrees or workforce credentials (including trade certificates) than exist here today, to be competitive in the global workplace of the future. Right now, employers in health care, construction, finance, manufacturing, and other sectors report difficulty in finding workers with the right skills.

The Maine State Chamber believes this bill helps support the efforts to increase the number of Mainers with trade certificates as we work to address Maine’s workforce shortage. The formula takes into consideration current costs of direct instruction, operation of facilities, and student and administrative support. This bill will allow more and better

Continued on Page 4...
Taxation committee votes to include OPEGA recommendations on business headquarters expansion bill —

The Joint Standing Committee on Taxation approved several changes to newly-enacted Public Law c. 297 – LD 1639, An Act to Promote Major Business Headquarters Expansions in Maine, Promote the Commercialization of Research and Development in Maine and Create Jobs, a Governor’s bill sponsored by Sen. Troy Jackson (D- Aroostook). The changes will take the form of a new bill. Last year, the Maine State Chamber strongly supported the bill, which created a refundable 2% income tax credit for 20 years of investments in the construction or expansion of major business headquarters in this state as long as certain employment levels are met. On Tuesday, March 20, the committee met to make certain changes to the law with respect clarifying the recapture provision, the base level of employment and the review of the credit by the Office of Program Evaluation and Government Accountability (OPEGA).

Background information...

The purpose of the credit was to create high quality jobs in the state by encouraging location or expansion of headquarters of major businesses. To qualify for the credit, an applicant’s headquarters must be located in this state, the applicant must have business locations in three other states or foreign countries, employ at least 5,000 full-time employees worldwide, 25% of which must be located in this state, and the applicant must make a qualified investment within five years from the application date. The qualified investment has to be at least $35,000,000 for the expansion, construction, modification, design, or equipment of the applicant’s headquarters in Maine. The commissioner may not approve more than $100,000,000 in aggregate investments. The commissioner has the power to revoke a certificate of approval if the applicant fails to make the qualified investment within five years, if the applicant moves its heads quarters from Maine, or if the certificate is transferred to another person without the commissioner’s approval.

Clarifying amendments...

A small sub-committee worked on clarifying the new law. The full committee voted unanimously to accept several of these changes agreed to by the sub-committee. The major changes are as follows:

Under the current law, an applicant for the “headquarters credit” must apply to the commissioner of Maine Department of Economic and Community Development (DECD), and if approved, the commissioner will issue a certificate of completion. If the certificate of completion is revoked within five years after issued, the state can recapture the total amount of credits received within 60 days of revocation. The new language clarifies that, in the event the State recaptures any of the credit after a certificate of approval has been transferred to a new owner, the transferee is responsible to pay for any credit amounts returned to the State.

For purposes of the credit, “base level of employment” is now defined as the greater of either the total employment of a qualified applicant as of March 31, June 30, September 30, and December 31 of the calendar year immediately preceding the application for a certificate of approval (under subsection 2) divided by four or its average employment during the base period (three calendar years prior to year of commissioner’s approval of certificate).

And lastly, the current law requires that OPEGA review the credit and to report their findings to the Taxation committee. The review includes whether the design of the credit supports the goals and intent of the credit, whether the credit is directed towards the intended beneficiaries, and whether the state is efficiently administering the program. The new language clarifies that when OPEGA is reviewing this credit, OPEGA is to consider whether the specific policy objective of the credit has been met, that is the creation and retention of high quality jobs by encouraging businesses to locate their headquarters in the state or expand current headquarters facilities. The language also authorizes OPEGA to consider certain performance measures when reviewing this credit. The performance measures include but are not limited to measures of fiscal impact and overall economic impact to the state; number of new employees for which health benefits and retirement benefits are available; the change in the number of business headquarters located in the state and the number of expansions those headquarters during the period being reviewed; the amount of qualified investment during the period being reviewed; and, how expenditures compare to the minimum level of expenditures and the number of additional full time employees added during the period being reviewed.

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

For the most current information, visit www.mainechamber.org
access to CTE schools for students. It is through educational programs at all levels of schooling that many students receive the exposure they need to make decisions about careers that interest them.

This legislation will help address the economic challenges facing businesses, individuals, and communities – and in building a skilled workforce to support sustainable economic growth – will create more opportunities for future workers and businesses to prosper.

For more information about this bill and other education-related legislation, please contact Megan Sanborn by calling (207) 623-4568, ext. 108, or by emailing msanborn@mainechamber.org.

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

In Maine’s tax code, the LD 1655 would conform Maine’s tax laws to the new domestic business tax provisions in the federal TCJA. Three of the largest provisions deal with bonus depreciation, the treatment of net operating losses (NOLs), and interest expensing. LD 1655 proposes to conform to the federal law and allow businesses to fully depreciate the entire value of newly-acquired assets new or used upon purchase ($38.3 million savings to businesses in current biennium and $40 million in the coming biennium). LD 1655 would adopt the federal provisions allowing businesses to carry forward NOLs indefinitely rather than the current 20-year limit. However, the utilization of a NOL in any given year would be limited to 80% of taxable income, rather than the current 100% ($8 million cost to businesses in current biennium and $14.5 million cost to businesses in coming biennium).

The third major provision deals with the amount of interest a business can expense from taxable earnings. The federal TCJA limits the interest expense deduction to 30% of income, rather than the current 100% ($16.2 million cost to businesses in current biennium and 28.5 million cost to businesses in coming biennium). The bill proposes to reduce the corporate tax rate from the current 8.93% to 8.33% in an effort to mitigate any potential tax increase on Maine business.

On the corporate side, the federal TCJA contains international reforms that transition the U.S. from operating under a territorial corporate tax system to a worldwide system with a “deeming” provision. The “deeming” provision calls for a one-time tax levied on untaxed foreign assets held abroad at 15% for cash and cash equivalents and 8% for non-cash assets acquired after 1986. Taxes would be paid when these assets are “repatriated” back to the U.S. If Maine conforms to this provision, it is estimated Maine would receive about $31 million in revenue.

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

Maine Chamber staff have studied each of these recently printed bills to assess potential impact on business trends. If you have concerns regarding any bill, please communicate those concerns to a member of our governmental services staff at (207) 623-4568.

EDUCATION

LD 1829, An Act To Amend the Laws Governing Education. (Rep. Stewart, R-Presque Isle) Joint Standing Committee on Education and Cultural Affairs. This bill makes the following changes to the laws governing education:

1. It changes the procedure and date for reporting adult education funding levels.
2. It changes the duties of teachers and parents when a student is a public health threat. It allows a superintendent to consult with the school nurse upon being informed by a teacher that a student is a public health threat.
3. It eliminates the Maine Online Learning Program.
4. It directs the Commissioner of Education to collaborate with the school nurse consultant to adopt rules and provide school administrative units with a copy of these rules and guidance regarding the screening of students for sight and hearing defects. It removes the requirement that the commissioner furnish to administrators of school administrative units the prescribed directions for the sight and hearing tests of students. It requires the commissioner to furnish guidance, training, and sample report and referral forms in connection with these tests. It removes a reference to religious grounds from the provision governing exempt students to provide that a student whose parent objects in writing to screening may not be screened unless a sight or hearing defect is reasonably apparent.
5. It removes the requirement that a school nurse or trained screener collect body mass index data from students and report this data in the aggregate to the Department of Health and Human Services, Maine Center for Disease Control and Prevention.
6. It requires a school board to appoint appropriate school staff to inform a parent of a student suffering from a suspected disease or defect based on results of a screening.
7. It removes enrichment courses from the definition of “adult education.”
8. It changes the provisions for issuance of high school equivalency diplomas.
9. It specifies criteria that must be met in order for the Commissioner of Education to grant a waiver to allow a student who has reached 20 years of age before the start of the school year to be enrolled as a public secondary school student. It repeals the provisions of law that allow a person to obtain such a waiver effective July 1, 2020.
10. It amends the laws governing the employment of conditionally certified persons to provide that the requirement that a school administrative unit provide professional development and intensive supervision applies only to teachers and not to educational specialists.
11. It amends the laws governing qualifications for a professional teacher certificate to require that a person who has successfully completed a preparation program in a state with which the State is participating in an interstate compact must complete an approved preparation program with a formal recommendation for certification from the institution and must meet the specified teaching experience requirement.

LD 1834, An Act To Authorize a General Fund Bond Issue To Provide for Student Loan Debt Relief. (Rep. Grohman, I-Biddeford) Joint Standing Committee on Appropriations and Financial Affairs. The funds provided by this bond issue, in the amount of $50,000,000, will be used to provide funds to the Finance Authority of Maine for zero-interest student loans and loan consolidation or refinancing interest rate reductions for certain Maine residents who agree to live and work in Maine for at least 5 years. The bill creates the Maine Student Loan Debt Relief Program. Under the program, zero-interest loans up to $10,000 per year for a maximum of 5 years are available to certain Maine residents who study at qualified in-state institutions of higher education and agree to live and work in Maine for at least 5 years following graduation. Loans bearing an annual

Continued on Page 7...

For the most current information, visit www.mainechamber.org

Workplace Marijuana Education Initiative

We are excited to announce a new free program that is being offered to Maine employers as they grapple with the challenge of marijuana use by their employees. The law firm, Brann & Isaacson, working in partnership with business groups, including the Maine State Chamber of Commerce and the Retail Association of Maine, will offer Maine employers guidance on managing marijuana in the workplace.

Services include:
- Telephone consultations;
- Access to sample drug policies;
- Workshops across the state; and,
- Bulletins on new development.

If you want more information about tricky topics such as drug-testing for marijuana, dealing with an impaired employee, understanding the differences between employee use of medical versus recreational marijuana, this initiative will offer you legal resources and education.

For information about this program, please contact Peter Lowe by calling (207) 786-3566 or by emailing plowe@brannlaw.com. You may also want to visit Peter’s webpage at brannlaw.com.
Universities to cover tuition and standard fees for hundreds of new Maine students starting in the Fall 2018

Early financial aid awards put more than 300 Maine students on a path to an affordable degree and a Maine career

On March 19, 2018, the Presidents of the Universities of Maine at Augusta (UMA), Fort Kent (UMFK), Machias (UMM), and Presque Isle (UMPI) informed the University of Maine System Board of Trustees that the Promise Initiative announced last October has already produced 300 financial aid awards that would completely cover the cost of tuition and standard fees for Maine students attending their institutions in the Fall of 2018. The campus leaders informed the Board that their admissions and financial aid teams are still accepting applications for admissions and aid with the hope of putting even more Maine students on an affordable path to a college degree and a Maine career.

Under the Promise Initiative, first-year Maine students with the greatest financial need, as determined by eligibility for a federal Pell grant as part of their financial aid award, will be able to attend the Universities of Maine at Presque Isle, Fort Kent, Augusta, and Machias starting in the Fall of 2018 without paying out-of-pocket for tuition and standard fees. Originally brought forward by the leadership team at the University of Maine at Presque Isle, the initiative seeks to build on the enrollment growth System campuses have already achieved in Orono, Farmington, and in Southern Maine.

The commitment to cover tuition and

Continued on Page 7...
New Legislation...
(Continued from Page 5...)

interest rate of the prime rate of interest plus 2% are available to those who do not live and work in the State upon graduation. The Finance Authority of Maine may provide interest rate reduction payments to residents who use the authority’s existing loan consolidation and refinancing program. This option is available to individuals who studied in Maine or outside of Maine and agree to live and work in Maine for at least 5 years. The bill exempts from Maine income tax any benefits received under the program to the extent included in federal adjusted gross income and prohibits individuals who have received benefits under the program from receiving the Maine educational opportunity tax credit.

LD 1843, An Act To Amend Career and Technical Education Statutes. (Sen. Langley, R-Hancock) Joint Standing Committee on Education and Cultural Affairs. This bill amends the current calculation of state subsidy for career and technical education from an expenditure-driven model to a cost model to recognize current costs of direct instruction, operation of facilities and student and administrative support. The bill also changes the subsidy payment for satellite programs and career and technical education regions and establishes funding provisions for the operation of career and technical education middle school programs through authorization of pilot programs.

LD 1851, Resolve, Regarding Legislative Review of Portions of Chapter 180: Performance Evaluation and Professional Growth Systems, a Late-filed Major Substantive Rule of the Department of Education. (Rep. Kornfield, D-Bangor) Joint Standing Committee on Education and Cultural Affairs. This resolve provides for legislative review of portions of Chapter 180: Performance Evaluation and Professional Growth Systems, a major substantive rule of the Department of Education that was filed outside the legislative rule acceptance period.

LD 1852, Resolve, Regarding Legislative Review of Portions of Chapter 115: the Credentialing of Educational Personnel, a major substantive rule of the Department of Education that was filed outside the legislative rule acceptance period.

LD 1860, An Act To Prepare All Students for Work and Life by Requiring that Students Receive Instruction in Vocational Preparation and Practical Life Skills. (Rep. Mason, R-Lisbon) Joint Standing Committee on Education and Cultural Affairs. This bill changes the requirement in the system of learning results, which is the foundation for Maine’s proficiency-based diploma, from “career and education development” to “vocational preparation and practical life skills,” which will allow the Department of Education to emphasize experiential instruction of students, regardless of career choice or pathway, that develops their understanding of interests, aptitudes and options related to work and study; develops core workplace skills in areas such as planning, communication, problem solving, teamwork and computer applications; and includes practical workplace and home economics experiences that maximize learning through hands-on application when it revises the standards and rules to reflect the emphasis on those elements going forward.

LD 1861, Resolve, To Implement Certain Recommendations of the Computer Science Education Task Force. (Rep. Kornfield, D-Bangor) Joint Standing Committee on Education and Cultural Affairs. This resolve is reported out by the Joint Standing Committee on Education and Cultural Affairs pursuant to Resolve 2017, chapter 21, section 4. This resolve includes certain recommendations proposed in the report submitted by the computer science education task force for consideration by the 128th Legislature. The joint standing committee has not taken a position on the substance of the report or this resolve; and by submitting this resolve the committee is not suggesting and does not intend to suggest that it agrees or disagrees with any aspect of the recommendations and the necessary changes to the Maine Revised Statutes, Title 20-A included in the report or this resolve. The joint standing committee is submitting the resolve for the sole purpose of turning certain proposals in the report into a printed resolve that can be referred to the committee for an appropriate public hearing and subsequent processing in 31 the normal course of business. The joint standing committee is taking this action to ensure clarity and transparency in the legislative review of the proposals included in the report submitted by the computer science education task force.

Promise Initiative...
(Continued from Page 6...)

standard fees for Pell-eligible Maine students at the four Maine institutions with the lowest tuition rates is possible because of a System commitment to public higher education affordability, which has included a freeze in tuition for six of the past seven years and historic investments in institutional aid budgets across the campuses.

“The Promise Initiative and the hundreds of students who will be served next Fall is a direct result of our public university commitment to financial stewardship and affordability,” said James H. Page, chancellor of the University of Maine System. “Through partnership and additional investment in our programs and aging infrastructure we must build even more capacity to address Maine’s most pressing workforce needs.”

Promise Award Priority Deadlines for Fall 2018 and Links to Campus Information

University of Maine at Augusta
Pine Tree State Pledge
Deadline: April 1, 2018
https://www.uma.edu/financial/scholarships/pine-tree-state-pledge

University of Maine at Fort Kent
Promise Program
Deadline: March 31, 2018
https://www.umfk.edu/promise-program/

University of Maine at Machias
Downeast Promise
Deadline: May 1, 2018
https://machias.edu/admissions/downeast-promise/

University of Maine at Presque Isle
The Way It Should Be
Deadline: March 31, 2018
http://www.umpi.edu/way-it-should-be/

For the most current information, visit www.mainechamber.org
Regional Business Breakfasts
from 7:30 a.m. to 9:00 a.m.

The Maine State Chamber works to bring together business leaders on a regional level through its Regional Business Breakfast Meetings. Local business leaders provide valuable insight that is instrumental to this open dialogue about business issues that affect your business, your community, and your state.

To register for this FREE event, please contact Kelsey Morrell by calling (207) 623-4568, ext. 104, or by emailing kmorrell@mainechamber.org. To sponsor this event, please contact Melody Rousseau by calling (207) 623-4568, ext. 102, or by emailing melodyr@mainechamber.org.

**Lewiston Area**
Tues., April 24
Fish Bones American Grill, Lewiston

**Presque Isle Area**
Wed., May 2
University of Maine at Presque Isle

**Portland Area**
Tues., May 8
Anthem Blue Cross & Blue Shield, South Portland

**Bangor Area**
Wed., May 23
Jeff’s Catering, Brewer