

Legislative Update: Economic Development in Augusta

This year's biennial budget put more money in Mainers' pockets by including:

- An income tax cut.
- Property tax relief in the form of maintaining current revenue sharing levels and expanding the Homestead Exemption.
- A significant decrease in the estate tax burden.
- A stable sales tax rate, at 5.5%, as opposed to the proposed increase to 6.5%.
- A provision exempting military pensions from income tax.
- An increase in education funding.

The bottom line: Over the next two years, Mainers will see a net tax cut of \$135.4 million in 2017 and 580,000 Maine families just had their taxes go down.

Minimum Wage Update:

- Bangor will increase its minimum wage starting in 2017, regardless of whether a statewide wage hike initiative expected this year is successful. The City Council voted to raise the minimum wage to \$8.25 per hour effective the first day of 2017, \$9 per hour in 2018 and \$9.75 per hour in 2019.
- Maine People's Alliance, Maine Small Business Coalition, and Maine AFL-CIO launched a citizen initiative to raise Maine's minimum wage to \$9 in 2017 and then by \$1 a year until it reaches \$12 by 2020. After that it would increase at the same rate as the cost of living. The initiative would also incrementally raise the sub-minimum tipped wage until it matches the minimum wage for all other workers by 2024.

Upcoming Legislation with Economic Development Implications:

- During the upcoming year, the Legislature will consider whether to exempt fuel used for fishing, farming, and forestry from sales tax. They will also consider a bill that would change the structure of Maine's solid waste system.
- Another piece of legislation to watch is the effort to ensure that Maine's tax code conforms to the federal code, which will ensure that businesses and individuals endure less of a tax burden than they have in previous years.

Tax Expenditure Review

- The Legislature's Government Oversight Committee is currently reviewing three economic development incentive programs: The Employment Tax Increment Financing program, the New Markets Capital Investment Credit, and the Pine Tree Development Zone program.
- The review is intended to determine the fiscal impact on taxpayers of the program and whether the program is spurring a boost in economic development.