

Maine Members,

The Dirigo Business Incentives program, which started on January 1, 2025, offers eligible businesses the opportunity to greatly reduce state taxes for up to 5 years when they make significant capital investments or provide qualified employee training in certain business sectors.

**Eligible sectors include** Forestry

### **Benefits**

- 10% capital investment tax credit (5% capital investment tax credit in Cumberland, Sagadahoc, and York counties)
- \$2,000 per employee provided a qualified employee training program annually

This credit is capped at \$2 million per business per year and can be taken over 5 years. This credit is refundable up to \$500,000 per tax year. The qualified business must exceed \$50,000 in eligible capital investment to claim annual tax credit. More on eligible capital investments below.

### **Program Will Be Available to All Logging Companies on September 24, 2025**

In the original law, passed by the Legislature in 2023, logging and trucking companies that have more than 20 employees were ineligible for Dirigo if they laid off employees seasonally. The only way to correct this issue was to amend the statute. The PLC worked with the Mills Administration and the Legislature for the last year to correct this issue.

The PLC worked with Senator Mike Tipping (D-Penobscot) to amend his bill, [\*\*LD 1664, An Act to Repeal the Dirigo Incentives Program\*\*](#). Originally, this legislation was an attempt to eliminate the program, which was created in 2023 to replace the Pine Tree Development Zone program and is targeted toward natural resource-based industries in the state. Once it appeared that Senator Tipping's bill was going nowhere, the PLC then worked with him to [amend the bill and strip everything out of it and amend it to include language to correct the issue for logging companies with 20 or more employees that must lay off their employees during mud season](#). This change is vital to seasonal businesses, like logging companies, that want to reinvest in their businesses with new equipment upgrades and the hiring of new employees.

### **Qualified Investments**

Eligible business property of the qualified business that is:

1. Tangible personal property or real property (other than land)
2. Purchased on or after the date of the letter of certification issued by the DECD;

3. Placed in service in Maine during the taxable year beginning after December 31, 2024;
4. Used exclusively in the qualified business activity described in the letter of certification;  
and
5. Subject to an allowance of depreciation of 5 years or more, or would be subject to an allowance of depreciation of 5 years or more if the property had not been expensed under Section 179 of the Code.

**Eligible business property does not include:**

1. Property purchased or transferred from an affiliated business;
2. Property located at a retail sales facility and used primarily in a retail sales activity;
3. A vehicle upon which an excise tax under 36 M.R.S., chapter 111 has been imposed;
4. A watercraft upon which an excise tax under 36 M.R.S., chapter 112 has been imposed;
5. Property used to calculate the credit for rehabilitation of historic properties under 36 M.R.S. § 5219-BB; or
6. Real property placed in service in Maine prior to the taxable year for which the DTC under 36 M.R.S. § 5219-AAA is sought.

The business must intend to place eligible business property into service or begin training as part of a qualified worker training program within two years of filing their application for certification. Capital investment or worker training begun prior to the issuance of a letter of certification will not be eligible for the credit.

**A qualified employee training program is defined as:**

- An apprenticeship program registered under the [Maine Apprenticeship Program](#)
- An on-the-job training contract through a [Local Workforce Board](#)
- A training provided by or approved for funding from the [Maine Community College System](#). PLC's training is funded by the Maine Community College System and does qualify for this provision.
- Education or training provided by the University of Maine System or other accredited university or college in this State

**How to Apply**

Businesses that meet the requirements of the program will receive the Dirigo Business Incentive.

DECD is now accepting applications for the Dirigo Business Incentives. [Apply Here](#).

**[Incentives Calculator](#) - Get an estimate of the value of Dirigo and other key tax incentive programs for your business**

If you need help determining if you qualify for the Dirigo Business Incentives or need guidance on navigating the system, please do not hesitate to reach out.