

# MAINE STATE LEGISLATURE

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# 132nd MAINE LEGISLATURE

## FIRST SPECIAL SESSION-2025

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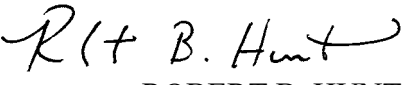
H.P. 1134

House of Representatives, April 17, 2025

### **An Act to Create a Refundable Tax Credit for Agricultural Enterprises**

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Reference to the Committee on Taxation suggested and ordered printed.

  
ROBERT B. HUNT  
Clerk

Presented by Representative PLUECKER of Warren.  
Cosponsored by Senator TALBOT ROSS of Cumberland and  
Representatives: COOPER of Windham, CRAY of Palmyra, DILL of Old Town, FROST of  
Belgrade, GUERRETTE of Caribou, HEPLER of Woolwich, JACKSON of Oxford, Senator:  
BLACK of Franklin.

1       **Be it enacted by the People of the State of Maine as follows:**

2       **Sec. 1. 10 MRSA §1100-T, sub-§2**, as corrected by RR 2023, c. 2, Pt. C, §11, is  
3 amended to read:

4       **2. Eligibility for tax credit certificate for individuals and entities other than**  
5 **venture capital funds.** The authority shall adopt rules in accordance with the Maine  
6 Administrative Procedure Act, Title 5, chapter 375, to implement the program. Without  
7 limitation, the requirements for eligibility for a tax credit certificate include the following.

8       A. For investments made in tax years beginning before January 1, 2012, a tax credit  
9 certificate may be issued in an amount not more than 40% of the amount of cash  
10 actually invested in an eligible Maine business in any calendar year or in an amount  
11 not more than 60% of the amount of cash actually invested in any one calendar year in  
12 an eligible Maine business located in a high-unemployment area, as determined by rule  
13 by the authority. For investments made in tax years beginning on or after January 1,  
14 2012, a tax credit certificate may be issued to an investor other than a private venture  
15 capital fund in an amount not more than 60% of the amount of cash actually invested  
16 in an eligible Maine business in any calendar year. For investments made in tax years  
17 beginning on or after January 1, 2014, a tax credit certificate may be issued to an  
18 investor other than a private venture capital fund in an amount not more than 50% of  
19 the amount of cash actually invested in an eligible Maine business in any calendar year.  
20 For investments made on or after April 1, 2020, a tax credit certificate may be issued  
21 to an investor other than a private venture capital fund in an amount not more than 40%  
22 of the amount of cash actually invested in an eligible Maine business in any calendar  
23 year. For investments made on or after April 1, 2025, a tax credit certificate may be  
24 issued to an investor other than a private venture capital fund in an amount not more  
25 than 40% of the amount of cash actually invested in an agricultural enterprise in any  
26 calendar year. Rules adopted pursuant to this section are routine technical rules as  
27 defined in Title 5, chapter 375, subchapter 2-A.

28       B. The Maine business or agricultural enterprise must be determined by the authority  
29 to be a manufacturer or a value-added natural resource enterprise; must provide a  
30 product or service that is sold or rendered, or is projected to be sold or rendered,  
31 predominantly outside of the State, except that, for an agricultural enterprise, the  
32 product or service may be sold inside or outside of the State; must be engaged in the  
33 development or application of advanced technologies; or must be certified as a visual  
34 media production company under Title 5, section 13090-L. The business ~~must~~ shall  
35 certify that the amount of the investment is necessary to allow the business to create or  
36 retain jobs in the State. The agricultural enterprise shall certify that the amount of the  
37 investment is necessary to allow the agricultural enterprise to expand its enterprise.

38       C. Aggregate investment eligible for tax credits may not be more than \$5,000,000 for  
39 any one business or agricultural enterprise as of the date of issuance of a tax credit  
40 certificate. Beginning with investments made on or after April 1, 2020, aggregate  
41 investment eligible for tax credits may not be more than \$3,500,000 for any one  
42 business as of the date of issuance of a tax credit certificate and not more than  
43 \$2,000,000 for any calendar year. Beginning with investments made on or after April  
44 1, 2025, aggregate investment eligible for tax credits may not be more than \$3,500,000  
45 for any one agricultural enterprise as of the date of issuance of a tax credit certificate

1 and not more than \$2,000,000 for any calendar year. Notwithstanding the other  
2 provisions of this paragraph, with respect to a business that was approved by the  
3 authority as an eligible business under this subsection before April 1, 2020, the  
4 aggregate investment eligible for tax credits may not be more than \$5,000,000 for that  
5 business as of the date of the issuance of the tax credit certificate, and the \$2,000,000  
6 annual limitation does not apply.

7 D. The investment with respect to which any individual is applying for a tax credit  
8 certificate may not be more than an aggregate of \$500,000 in any one business or  
9 agricultural enterprise in any 3 consecutive calendar years, except that this paragraph  
10 does not limit other investment by any applicant for which that applicant is not applying  
11 for a tax credit certificate and except that, if the entity applying for a tax credit  
12 certificate is a partnership, limited liability company, S corporation, nontaxable trust  
13 or any other entity that is treated as a flow-through entity for tax purposes under the  
14 federal Internal Revenue Code but not as a private venture capital fund, the aggregate  
15 limit of \$500,000 applies to each individual partner, member, stockholder, beneficiary  
16 or equity owner of the entity and not to the entity itself.

17 E. For investments made in tax years beginning before January 1, 2014, the business  
18 receiving the investment must have annual gross sales of \$3,000,000 or less. For  
19 investments made in tax years beginning on or after January 1, 2014, the business or  
20 agricultural enterprise receiving the investment must have annual gross sales of  
21 \$5,000,000 or less. The operation of the business or agricultural enterprise must be a  
22 substantial professional activity of at least one of the principal owners, as determined  
23 by the authority. The principal owner and the principal owner's spouse are not eligible  
24 for a credit for investment in that business, except that this restriction does not apply  
25 to an agricultural enterprise. A tax credit certificate may not be issued to a parent,  
26 sibling or child of a principal owner if the parent, sibling or child has any existing  
27 ownership interest in the business or agricultural enterprise.

28 F. The investment must be expended on plant, equipment, research and development,  
29 or working capital for the business or such other business activity as may be approved  
30 by the authority. For an agricultural enterprise, the investment may also be expended  
31 on infrastructure, which does not include real estate but includes any improvement that  
32 expands the marketing, production or processing of agricultural products, as defined in  
33 Title 7, section 152, subsection 2, as approved by the authority.

34 G. The authority shall establish limits on repayment of the investment. The investment  
35 must be at risk in the business or agricultural enterprise.

36 H. The investors qualifying for the credit must each own less than 1/2 of the business.  
37 This paragraph does not apply to an agricultural enterprise.

38 I. The business or agricultural enterprise receiving the investment may not be in  
39 violation of the requirements of subsection 7.

40 **Sec. 2. 36 MRSA §5216-B, sub-§2**, as amended by PL 2017, c. 170, Pt. E, §3, is  
41 further amended to read:

42 **2. Credit.** An investor, including, beginning with tax years beginning on or after  
43 January 1, 2025, an investor in an agricultural enterprise, is entitled to a credit against the  
44 tax otherwise due under this Part equal to the amount of the tax credit certificate issued by

1 the Finance Authority of Maine in accordance with Title 10, section 1100-T and as limited  
2 by this section. Except with respect to tax credit certificates issued under Title 10, section  
3 1100-T, subsection 2-C, in the case of partnerships, limited liability companies, S  
4 corporations, nontaxable trusts and any other entities that are treated as flow-through  
5 entities for tax purposes under the Code, the individual partners, members, stockholders,  
6 beneficiaries or equity owners of such entities must be treated as the investors under this  
7 section and are allowed a credit against the tax otherwise due from them under this Part in  
8 proportion to their respective interests in those partnerships, limited liability companies, S  
9 corporations, trusts or other flow-through entities. Except as limited or authorized by  
10 subsection 3 or 4, 25% of the credit must be taken in the taxable year in which the  
11 investment is made and 25% per year must be taken in each of the next 3 taxable years.  
12 With respect to tax credit certificates issued under Title 10, section 1100-T, subsection 2-C,  
13 the credits are refundable and the investor shall file a return requesting a refund for an  
14 investment for which it has received a tax credit certificate in the calendar year following  
15 the calendar year during which the investment was made.

## 16 SUMMARY

17 This bill allows an agricultural enterprise to qualify for the Maine Seed Capital Tax  
18 Credit Program, which provides an eligible business a tax credit for investments in plant,  
19 equipment, research and development, or working capital for the business or such other  
20 business activity as may be approved by the Finance Authority of Maine. The bill allows  
21 an agricultural enterprise determined eligible by the authority to qualify for a tax credit for  
22 investments made in infrastructure, not including real estate, but including any  
23 improvement that expands the marketing, production or processing of agricultural  
24 products, in addition to the qualifying investments that may be made by a business.