

# MAINE STATE LEGISLATURE

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# 118th MAINE LEGISLATURE

## SECOND REGULAR SESSION-1998

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Legislative Document

No. 2196

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S.P. 814

In Senate, February 4, 1998

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**An Act to Expand the Maine Seed Capital Tax Credit Program.**

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Reported by Senator DAGGETT of Kennebec for the Joint Select Committee on Research and Development. Reference to the Committee on Business and Economic Development suggested and ordered printed pursuant to Joint Order S.P. 669 under Joint Rule 401.

A handwritten signature in cursive script that reads "Joy J. O'Brien".

JOY J. O'BRIEN  
Secretary of the Senate

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

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**Sec. 1. 10 MRSA §1100-T, sub-§2, ¶C,** as amended by PL 1991, c. 854, Pt. A, §8, is further amended to read:

C. Aggregate investment eligible for tax credits may not be more than \$600,000 \$1,000,000 for any one business as of the date of issuance of a tax credit certificate.

**Sec. 2. 10 MRSA §1100-T, sub-§2, ¶D,** as amended by PL 1995, c. 424, §2, is further amended to read:

D. The investment with respect to which any individual is applying for a tax credit certificate may not be more than an aggregate of \$100,000 \$200,000 in any one business in any 3 consecutive calendar years, except that this paragraph does not limit other investment by any applicant for which that applicant is not applying for a tax credit certificate.

**Sec. 3. 10 MRSA §1100-T, sub-§2, ¶E,** as amended by PL 1995, c. 658, §3, is further amended to read:

E. The business receiving the investment must have annual gross sales of \$2,000,000 \$3,000,000 or less and the operation of the business must be the full-time professional activity of the principal owner, as determined by the authority. The principal owner and the principal owner's spouse are not eligible for a credit for investment in that business. A tax credit certificate may not be issued to a parent, brother, sister or child of a principal owner if the parent, brother, sister or child has any existing ownership interest in the business.

**Sec. 4. 10 MRSA §1100-T, sub-§4,** as amended by PL 1995, c. 424, §4, is further amended to read:

**4. Total of credits authorized.** The authority may issue tax credit certificates to investors eligible pursuant to subsection 2 in an aggregate amount not to exceed \$2,000,000 up to and including calendar year 1996, \$3,000,000 up to and including calendar year 1997, \$4,000,000 and \$5,500,000 up to and including calendar year 1998, ~~\$5,000,000 up to and including calendar year 1999, \$6,000,000 up to and including calendar year 2000,~~ and not to exceed \$7,000,000 thereafter. In addition, the authority may issue tax credit certificates to investors eligible pursuant to subsection 2-A in an aggregate amount not to exceed \$1,000,000.

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## SUMMARY

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6 This bill amends the Maine Seed Capital Tax Credit Program  
by increasing the limits on qualifying investments in eligible  
8 businesses to \$1,000,000 per business and \$200,000 per investor  
in any one business in any 3 consecutive calendar years. The  
10 bill also expands the field of eligible businesses by requiring  
that the business receiving the investment have annual gross  
sales of \$3,000,000 or less.

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14 The bill also increases the amount of tax credit  
certificates that may be issued in calendar years 1998, 1999 and  
2000 by the Finance Authority of Maine. Under current law, tax  
16 certificates may be issued in an amount not exceeding \$4,000,000  
up to and including calendar year 1998 and \$5,000,000 up to and  
18 including calendar year 1999, and the amount increases until it  
reaches \$7,000,000 after calendar year 2000. This bill  
20 accelerates the pace of the increase so that the authority may  
issue tax credits in an amount not exceeding \$5,500,000 up to and  
22 including calendar year 1998 and \$7,000,000 thereafter.