

# MAINE STATE LEGISLATURE

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DATE: 4-30-01

L.D. 1298  
(Filing No. H-217)

**TAXATION**

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**STATE OF MAINE  
HOUSE OF REPRESENTATIVES  
120TH LEGISLATURE  
FIRST REGULAR SESSION**

COMMITTEE AMENDMENT "A" to H.P. 974, L.D. 1298, Bill, "An Act Providing for Enhancements to the Maine Seed Capital Tax Credit Program"

Amend the bill in section 2 in paragraph C in the 2nd line (page 2, line 2 in L.D.) by striking out the following: "and"

Further amend the bill by inserting after section 3 the following:

'Sec. 4. 36 MRSA §5216-B, sub-§2, amended by PL 1999, c. 752, §4, is further amended to read:

**2. Credit.** An investor is entitled to a credit against the tax otherwise due under this Part equal to the amount of the tax credit certificate issued by the Finance Authority of Maine in accordance with Title 10, section 1100-T and as limited by this section. In the case of partnerships, limited liability companies, S corporations, nontaxable trusts and any other entities that are treated as flow-through entities for tax purposes under the Code, the individual partners, members, stockholders, beneficiaries or equity owners of such entities must be treated as the investors under this section and are allowed a credit against the tax otherwise due from them under this Part in proportion to their respective interests in those partnerships, limited liability companies, S corporations, trusts or other flow-through entities. Except as limited or authorized by subsection 3 or 4, 50% 25% of the credit must be taken in the taxable year the investment is made and 50% 25% in each of the next 3 taxable year years.

**Sec. 5. Report.** The Finance Authority of Maine shall present a preliminary report to the joint standing committee of

**COMMITTEE AMENDMENT**

the Legislature having jurisdiction over taxation matters by January 1, 2002 and a final report by January 1, 2003. The reports must identify the number and value of tax credit certificates issued under the seed capital tax credit program and the number and types of businesses that benefited from investments eligible for the credit. To the extent that information is available the reports must identify the county or region of the State where investments are made.'

Further amend the bill by relettering or renumbering any nonconsecutive Part letter or section number to read consecutively.

Further amend the bill by inserting at the end before the summary the following:

**FISCAL NOTE**

	2001-02	2002-03
<b>REVENUES</b>		
General Fund	(\$17,826)	\$17,254
Other Funds	(958)	927

The bill increases the tax credit allowed under the Maine Seed Capital Tax Credit program but reduces the amount of the credit that can be taken in any given year. The bill also increases the amount of tax credits that may be issued under the program. These changes will decrease individual income tax collections by \$18,784 in fiscal year 2001-02. The reduction of these tax collections will decrease the amounts transferred to the Local Government Fund for state-municipal revenue sharing in that year by \$958 and will result in a net reduction of General Fund revenue of \$17,826 in fiscal year 2001-02. In fiscal year 2002-03, individual income tax collections will increase by \$18,181. In that same year increases in the amount transferred to the Local Government Fund for state-municipal revenue sharing and the net increase to General Fund revenue will be \$927 and \$17,254, respectively. The estimated total decreases of individual income tax collections in fiscal years 2003-04 and 2004-05 will be approximately \$366,070 and \$818,342, respectively.

The Bureau of Revenue Services will incur some minor additional costs to administer the new provisions. These costs can be absorbed within the bureau's existing budgeted resources.

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2 The additional administrative costs associated with  
increasing the Maine Seed Capital Tax Credit and reporting to the  
4 Legislature can be absorbed by the Finance Authority of Maine  
utilizing existing budgeted resources.'

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### SUMMARY

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This amendment provides that new seed capital tax credits  
12 must be spread over 4 taxable years rather than 2 taxable years  
and requires the Finance Authority of Maine to report to the  
14 joint standing committee of the Legislature having jurisdiction  
over taxation matters in each of the next 2 years. The amendment  
16 also strikes a word that was incorrectly included in the bill and  
adds a fiscal note.

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