

MAINE STATE LEGISLATURE

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L.D. 1694

DATE: 5-15-01

(Filing No. H-467)

BUSINESS AND ECONOMIC DEVELOPMENT

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

COMMITTEE AMENDMENT "A" to H.P. 1259, L.D. 1694, Bill, "An Act to Amend the Finance Authority of Maine Act"

Amend the bill in section 19 in the first line (page 6, line 27 in L.D.) by inserting after the following: "sub-§2-A," the following: '¶A,'

Further amend the bill by inserting after section 19 the following:

'Sec. 20. 10 MRSA §1100-T, sub-§2-A, ¶C, as amended by PL 1997, c. 774, §1, is further amended to read:

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

Further amend the bill in section 21 in paragraph E in the 6th line from the end (page 7, line 42 in L.D.) by striking out the following: "or the" and inserting in its place the following: '~~or the,~~ whether made directly or through a'

Further amend the bill by inserting after section 29 the following:

'Sec. 30. 20-A MRSA §12504, last ¶, as amended by PL 1999, c. 441, §8, is repealed.'

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

COMMITTEE AMENDMENT

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

FISCAL NOTE

	2001-02	2002-03
REVENUES		
General Fund	(\$3,963)	(\$20,015)
Other Funds	(213)	(1,076)

The proposed changes to the Maine Seed Capital Tax Credit Program will decrease individual income tax collections by \$4,176 in fiscal year 2001-02 and \$21,091 in fiscal year 2002-03. The reduction of these tax collections will decrease the amounts transferred to the Local Government Fund for state-municipal revenue sharing in those years by \$213 and \$1,076, respectively. The resulting net reductions of General Fund revenue will be \$3,963 in fiscal year 2001-02 and \$20,015 in fiscal year 2002-03. The estimated future reductions of total collections in fiscal years 2003-04 and 2004-05 will be approximately \$27,874 and \$4,371, respectively.

The additional costs associated with the enactment of certain changes to the Finance Authority of Maine Act can be absorbed by the Finance Authority of Maine utilizing existing budgeted resources.'

SUMMARY

This amendment clarifies provisions of the Maine Seed Capital Tax Credit Program. It clarifies that private venture capital funds can invest in and receive credits for investments in multiple businesses, within certain limits. The amendment also clarifies that while a principal owner of a business may not receive a credit for the principal's own investment in the business, whether directly made or through a venture fund, only so much of the credit in a venture fund attributable to the investment in such principal's business would be ineligible. The amendment also strikes ambiguous and contradictory language from provisions that govern the Educators for Maine Program. It also adds a fiscal note to the bill.