

# MAINE STATE LEGISLATURE

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# 120th MAINE LEGISLATURE

## SECOND REGULAR SESSION-2002

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Legislative Document

No. 2012

H.P. 1509

House of Representatives, December 26, 2001

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

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Submitted by the Finance Authority of Maine pursuant to Joint Rule 204.

Received by the Clerk of the House on December 19, 2001. Referred to the Committee on Taxation pursuant to Joint Rule 308.2 and ordered printed pursuant to Joint Rule 401.

*Millicent M. MacFarland*

MILLICENT M. MacFARLAND, Clerk

Presented by Representative TESSIER of Fairfield.

Cosponsored by Senator TURNER of Cumberland and

Representatives: BOWLES of Sanford, McLAUGHLIN of Cape Elizabeth, MURPHY of Berwick, RICHARDSON of Brunswick, STANLEY of Medway, Senators: GAGNON of Kennebec, MILLS of Somerset, SHOREY of Washington.

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, ¶A**, as amended by PL 2001, c. 446, §1 and affected by §6, is further amended to read:

A. A tax credit certificate may be issued in an amount not more than 40% of the amount of cash actually invested in a an eligible Maine business in any calendar year or in an amount not more than 60% of the amount of cash actually invested in any one calendar year in an eligible Maine business located in a high-unemployment area, as determined by rule by the authority. Rules adopted pursuant to this section are routine technical rules as defined in Title 5, chapter 375, subchapter II-A.

**Sec. 2. 10 MRSA §1100-T, sub-§2, ¶C**, as amended by PL 1997, c. 782, §1, is further amended to read:

C. Aggregate investment eligible for tax credits may not be more than ~~\$1,000,000~~ \$5,000,000 for any one business as of the date of issuance of a tax credit certificate.

**Sec. 3. 10 MRSA §1100-T, sub-§2, ¶D**, as amended by PL 1997, c. 782, §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 ~~\$200,000~~ \$500,000 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. 4. 10 MRSA §1100-T, sub-§2-A, ¶¶C and D**, as amended by PL 2001, c. 446, §2 and affected by §6, are further amended to read:

C. Aggregate investment eligible for tax credits may not be more than ~~\$1,000,000~~ \$5,000,000 for any one business for any one private venture capital fund as of the date of issuance of a tax credit certificate.

D. The investment with respect to which any individual or entity is applying for a tax credit certificate may not be more than an aggregate of ~~\$200,000~~ \$500,000 in any one eligible business invested in by a private venture capital fund 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 and except that, if the entity applying for a tax credit certificate is a partnership, limited liability

2 company, S corporation, nontaxable trust or any other entity  
that is treated as a flow-through entity for tax purposes  
4 under the federal Internal Revenue Code, the aggregate limit  
of ~~\$200,000~~ \$500,000 applies to each individual partner,  
6 member, stockholder, beneficiary or equity owner of the  
entity and not to the entity itself.

8 **Sec. 5. 10 MRSA §1100-T, sub-§4**, as amended by PL 2001, c.  
446, §3 and affected by §6, is further amended to read:

10 **4. Total of credits authorized.** The authority may issue  
12 tax credit certificates to investors eligible pursuant to  
subsections 2 and 2-A in an aggregate amount not to exceed  
14 \$2,000,000 up to and including calendar year 1996, \$3,000,000 up  
to and including calendar year 1997, \$5,500,000 up to and  
16 including calendar year 1998, \$8,000,000 up to and including  
calendar year 2001, ~~\$10,000,000~~ \$11,000,000 up to and including  
18 calendar year 2002, ~~\$11,000,000~~ \$14,000,000 up to and including  
calendar year 2003 and ~~and--\$12,000,000~~ \$17,000,000 up to and  
20 including calendar year 2004, \$20,000,000 up to and including  
calendar year 2005, \$23,000,000 up to and including calendar year  
22 2006, \$26,000,000 up to and including calendar year 2007 and  
\$30,000,000 thereafter. The authority may provide that investors  
24 eligible for a tax credit under this section in a year when there  
is insufficient credit available are entitled to take the credit  
26 when it becomes available.

28 **Sec. 6. 36 MRSA §5216-B, sub-§2**, as amended by PL 2001, c.  
446, §4 and affected by §6, is further amended to read:

30 **2. Credit.** An investor is entitled to a credit against the  
32 tax otherwise due under this Part equal to the amount of the tax  
credit certificate issued by the Finance Authority of Maine in  
34 accordance with Title 10, section 1100-T and as limited by this  
section. In the case of partnerships, limited liability  
36 companies, S corporations, nontaxable trusts and any other  
entities that are treated as flow-through entities for tax  
38 purposes under the Code, the individual partners, members,  
stockholders, beneficiaries or equity owners of such entities  
40 must be treated as the investors under this section and are  
allowed a credit against the tax otherwise due from them under  
42 this Part in proportion to their respective interests in those  
partnerships, limited liability companies, S corporations, trusts  
44 or other flow-through entities. Except as limited or authorized  
by subsection 3 or 4, ~~15%~~ 25% of the credit must be taken in the  
46 taxable year the investment is made and ~~15%~~ 25% per year must be  
taken in each of the next ~~5~~ 3 taxable years and ~~10%~~ not taken in the  
48 ~~next-taxable-year.~~

