

MAINE STATE LEGISLATURE

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123rd MAINE LEGISLATURE

FIRST REGULAR SESSION-2007

Legislative Document

No. 1215

S.P. 403

March 7, 2007

An Act To Attract New Capital for Innovative Businesses through Equity Investment in Maine

Reference to the Committee on Business, Research and Economic Development suggested and ordered printed.

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

JOY J. O'BRIEN
Secretary of the Senate

Presented by Senator MILLS of Somerset.

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

2 **CONCEPT DRAFT**
3 **SUMMARY**

4 This bill is a concept draft pursuant to Joint Rule 208.

5 The bill establishes a Fund of Funds whose governing board is authorized to issue
6 shares in one or more venture capital funds focused on business sectors with strong
7 prospects for expansion in Maine. At least 50% of the aggregate money raised through
8 the fund must be invested in Maine.

9 The board may guarantee a rate of return sufficient to attract necessary capital for
10 diversified investments in the sectors targeted by each fund. Should any fund fall short of
11 its guarantee in the third to tenth year of its existence, investors may be awarded
12 refundable state tax credits to pay 50% of the loss. Aggregate credits may not exceed
13 \$20,000,000 per year.

14 If the Maine State Retirement System chooses to invest in any of the funds, the State
15 will appropriate 50% of any losses the Maine State Retirement System may incur during
16 the third to tenth years of share ownership.

17 Each year that any fund returns a profit in excess of the return owed to shareholders,
18 50% of the excess must be deposited into a separate guarantee account to be held and
19 conservatively invested by the governing board. Shares issued more than 10 years after
20 the effective date of this bill will no longer be entitled to state tax credits. Recourse will
21 be limited to payments from the guarantee account upon such terms and conditions as the
22 governing board may determine.