

MAINE STATE LEGISLATURE

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MINORITY

L.D. 297

Date: 6/17/15

(Filing No. S-295)

LABOR, COMMERCE, RESEARCH AND ECONOMIC DEVELOPMENT

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STATE OF MAINE
SENATE
127TH LEGISLATURE
FIRST REGULAR SESSION

COMMITTEE AMENDMENT "B" to S.P. 112, L.D. 297, Bill, "An Act To Increase Allowed Investments under the Maine New Markets Capital Investment Program"

Amend the bill by striking out all of section 2 and inserting the following:

Sec. 2. 10 MRSA §1100-Z, sub-§3, ¶I is enacted to read:

I. A qualified community development entity may not collect more than half of its fees for services under this program prior to the last credit allowance date.

Sec. 3. 10 MRSA §1100-Z, sub-§4, as amended by PL 2011, c. 548, §5, is repealed and the following enacted in its place:

4. Limit on amount of tax credits authorized. The maximum aggregate amount of qualified equity investments for which the authority may issue tax credit authority under this section is:

- A. Until December 31, 2015, \$250,000,000;
- B. From January 1, 2016 to December 31, 2016, \$300,000,000;
- C. From January 1, 2017 to December 31, 2017, \$350,000,000;
- D. From January 1, 2018 to December 31, 2018, \$400,000,000;
- E. From January 1, 2019 to December 31, 2019, \$450,000,000; and
- F. On and after January 1, 2020, \$500,000,000.

A tax credit claim may not exceed \$40,000,000 in any one state fiscal year over the 7 years of the tax credit allowance dates as described in Title 36, section 5219-HH, subsection 1, paragraph A.

Sec. 4. 36 MRSA §5219-HH, sub-§1, ¶J, as amended by PL 2013, c. 75, §1, is further amended to read:

COMMITTEE AMENDMENT

ROSE

1 J. "Qualified low-income community investment" means any capital or equity
 2 investment in, or loan to, any qualified active low-income community business made
 3 after September 28, 2011, as long as no more than 5% of such investment is used to
 4 refinance costs, expenses or investments incurred or paid by the qualified active low-
 5 income community business, or a related party, prior to the date of the qualified low-
 6 income community investment; make equity distributions from the qualified active
 7 low-income community business to its owners; or acquire an existing Maine business
 8 or enterprise. Except as otherwise provided in this paragraph, with respect to any one
 9 qualified active low-income community business, the maximum amount of qualified
 10 low-income community investments that may be made with the proceeds of qualified
 11 equity investments that have been certified under Title 10, section 1100-Z, subsection
 12 3, paragraph G is \$10,000,000 per project constructed, maintained or operated by the
 13 qualified active low-income community business whether made by one or several
 14 qualified community development entities. With respect to investments in a qualified
 15 active low-income community business that is a manufacturing or value-added
 16 production enterprise, the limit on the qualified low-income community investment is
 17 \$40,000,000 per project constructed, maintained or operated by the qualified active
 18 low-income community business. For the purposes of this paragraph, with respect to
 19 projects to which the \$10,000,000 limitation applies, "project" includes all land,
 20 buildings, structures, machinery and equipment located at the same location and
 21 constructed, maintained or operated by the qualified active low-income community
 22 business. For the purposes of this paragraph, with respect to projects to which the
 23 \$40,000,000 limitation applies, "project" means, and refers separately to, each
 24 manufacturing or value-added production facility that projects to create or retain
 25 more than 200 jobs, including the land, buildings, structures, machinery and
 26 equipment functionally related to, and integrated with, the manufacturing or
 27 production process conducted on the site of that facility. "Project" does not mean or
 28 include the component pieces of an integrated manufacturing or production process
 29 conducted on the site of a particular facility.

30 **Sec. 5. Application.** That section of this Act that amends the Maine Revised
 31 Statutes, Title 36, section 5219-HH, subsection 1, paragraph J applies only to applications
 32 received after the effective date of this Act by the Finance Authority of Maine for the
 33 Maine New Markets Capital Investment Program, pursuant to Title 10, section 1100-Z,
 34 for certification of a qualified equity investment pursuant to Title 10, section 1100-Z,
 35 subsection 3, paragraph G.'

36 **SUMMARY**

37 This amendment is the minority report of the committee. The amendment does the
 38 following.

- 39 1. It prohibits a qualified community development entity from collecting more than
 40 half of its fees for services under the Maine New Markets Capital Investment Program
 41 under the Maine Revised Statutes, Title 10, section 1100-Z prior to the last credit
 42 allowance date.

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COMMITTEE AMENDMENT "B" to S.P. 112, L.D. 297

- 1 2. It increases the aggregate amount of qualified equity investments for which tax
2 credit authority may be issued from \$250,000,000 to \$500,000,000, phased in at an
3 additional \$50,000,000 per year over 5 years.
- 4 3. It increases the maximum amount for an annual tax credit claim from \$20,000,000
5 to \$40,000,000.
- 6 4. It eliminates the eligibility of certain refinancing and ownership transfer
7 transactions as qualified low-income community investments for the new markets capital
8 investment credit if those transactions exceed 5% of the investment.
- 9 5. It provides that the changes made to the definition of "qualified low-income
10 community investment" apply to applications made to the Finance Authority of Maine
11 after the effective date of this legislation.

FISCAL NOTE REQUIRED
(See attached)



127th MAINE LEGISLATURE

LD 297

LR 1423(03)

An Act To Increase Allowed Investments under the Maine New Markets Capital Investment Program

Fiscal Note for Bill as Amended by Committee Amendment "B" (S-295)
Committee: Labor, Commerce, Research and Economic Development
Fiscal Note Required: Yes

Fiscal Note

	FY 2015-16	FY 2016-17	Projections FY 2017-18	Projections FY 2018-19
Net Cost (Savings)				
General Fund	\$0	\$0	\$0	\$2,090,000
Revenue				
General Fund	\$0	\$0	\$0	(\$2,090,000)
Other Special Revenue Funds	\$0	\$0	\$0	(\$110,000)

Fiscal Detail and Notes

The changes made in this legislation to the Maine New Markets Capital Investment Program would decrease General Fund revenue by \$2,090,000 in fiscal year 2018-19 and Local Government Fund revenue by \$110,000 in fiscal year 2018-19. The remaining revenue reduction of \$95,300,000 would occur over a multi-year period after fiscal year 2018-19.

Additional costs to the Finance Authority of Maine to implement the requirements of this legislation can be absorbed within existing budgeted resources.