MAINE STATE LEGISLATURE

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(Filing No. S-138)

3	TAXATION
4	Reproduced and distributed under the direction of the Secretary of the Senate.
5	STATE OF MAINE
6	SENATE
7	130TH LEGISLATURE
8	FIRST SPECIAL SESSION
9 10	COMMITTEE AMENDMENT " fl " to S.P. 97, L.D. 229, "An Act To Increase Investment Caps in the Maine Seed Capital Tax Credit Program"
11 12	Amend the bill by striking out everything after the enacting clause and inserting the following:
13 14	'Sec. 1. 10 MRSA §1100-T, sub-§2, ¶C, as amended by PL 2019, c. 616, Pt. LL, §2, is further amended to read:
15 16 17 18 19 20 21 22 23 24	C. Aggregate investment eligible for tax credits may not be more than \$5,000,000 for any one business as of the date of issuance of a tax credit certificate. Beginning with investments made on or after April 1, 2020, aggregate investment eligible for tax credits may not be more than \$3,500,000 for any one business as of the date of issuance of a tax credit certificate and not more than \$2,000,000 for any calendar year. Notwithstanding the other provisions of this paragraph, with respect to a business that was approved by the authority as an eligible business under this subsection before April 1, 2020, the aggregate investment eligible for tax credits may not be more than \$5,000,000 for that business as of the date of the issuance of the tax credit certificate, and the \$2,000,000 annual limitation does not apply.
25 26	Sec. 2. 10 MRSA §1100-T, sub-§2-C, ¶C, as amended by PL 2019, c. 616, Pt. LL, §7, is further amended to read:
27 28 29 30 31 32 33 34 35	C. Aggregate investment eligible for tax credit certificates, including investments under this subsection and under subsection 2, may not be more than \$5,000,000 for any one eligible business. Beginning with investments made on or after April 1, 2020, aggregate investment eligible for tax credit certificates, including investments under this subsection and under subsection 2, may not be more than \$3,500,000 for any one eligible business in total and not more than \$2,000,000 for any calendar year. Notwithstanding the other provisions of this paragraph, with respect to a business that was approved by the authority as an eligible business under this subsection before April 1, 2020, the aggregate investment eligible for tax credits may not be more than

\$5,000,000 for that business as of the date of the issuance of the tax credit of	certificate.
and the \$2,000,000 annual limitation does not apply.	

- **Sec. 3.** 10 MRSA §1100-T, sub-§2-C, ¶D, as amended by PL 2019, c. 616, Pt. LL, §8, is further amended to read:
 - D. The investment with respect to which any private venture capital fund is applying for a tax credit certificate may not be more than the lesser of an amount equal to \$500,000 times the number of investors in the private venture capital fund and an aggregate of \$4,000,000 in any one eligible business invested in by a private venture capital fund in any 3 consecutive calendar years. For investments made on or after April 1, 2020, the investment with respect to which any private venture capital fund is applying for a tax credit certificate may not be more than the lesser of an amount equal to \$500,000 times the number of investors in the private venture capital fund and an aggregate of \$3,500,000 in any one eligible business invested in by a private venture capital fund, but investments in a business that was approved by the authority as an eligible business under this subsection before April 1, 2020 with respect to which any private venture capital fund is applying for a tax credit certificate may not be more than the lesser of an amount equal to \$500,000 times the number of investors in the private venture capital fund and an aggregate of \$4,000,000 for that eligible business. This paragraph does not limit other investment by an applicant for which that applicant is not applying for a tax credit certificate. A private venture capital fund must certify to the authority that it will be in compliance with these limitations. The tax credit certificate issued to a private venture capital fund may be revoked and any credit taken recaptured pursuant to Title 36, section 5216-B, subsection 5 if the fund is not in compliance with this paragraph.'

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

SUMMARY

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This amendment replaces the bill. The amendment provides that for investments approved for the seed capital tax credit by the Finance Authority of Maine prior to April 1, 2020, the limits on investments eligible for the credit are the limits that applied in 2020.

FISCAL NOTE REQUIRE:
(See attached)

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130th MAINE LEGISLATURE

LD 229

LR 435(02)

An Act To Increase Investment Caps in the Maine Seed Capital Tax Credit Program

Fiscal Note for Bill as Amended by Committee Amendment "A" (S-138)

Committee: Taxation

Fiscal Note Required: Yes

Fiscal Note

Potential reduction in number of businesses that receive tax credit - Maine Seed Capital Tax Credit Program

	FY 2021-22	FY 2022-23	Projections FY 2023-24	Projections FY 2024-25
Net Cost (Savings) General Fund	\$360,937	\$721,875	\$712,500	\$712,500
Revenue General Fund Other Special Revenue Funds	(\$360,937) (\$14,063)	(\$721,875) (\$28,125)	(\$712,500) (\$37,500)	(\$712,500) (\$37,500)

Fiscal Detail and Notes

Providing that the annual \$2.0 million limitation on the amount of investments eligible for tax credits for any one business in any calendar year under the Maine Seed Capital Tax Credit Program, administered by the Finance Authority of Maine (FAME) does not apply to investments approved prior to April 1, 2020 may result in fewer eligible businesses receiving tax credits than would have received them absent this legislation. Under current law the total tax credits for the Maine Seed Capital Tax Credit Program that FAME may issue is \$15.0 million for calendar year 2020 through calendar year 2026 and is reduced to \$5.0 million annually beginning in calendar year 2027.

The bill makes changes to the seed capital tax credit program and will result in a reduction in General Fund revenue of \$360,937 in fiscal year 2021-22 and \$721,875 in fiscal year 2022.23. It will also reduce Local Government Fund revenue by \$14,063 in fiscal year 2021-22 and \$28,125 in fiscal year 2022-23.