

MAINE STATE LEGISLATURE

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Date 6/20/23

TAXATION

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STATE OF MAINE
SENATE
131ST LEGISLATURE
FIRST SPECIAL SESSION

COMMITTEE AMENDMENT "A" to S P 513, L D 1276, "An Act to Create and Sustain Jobs and Affordable Housing Through the Development of Cooperatives and Employee-owned Businesses"

Amend the bill in section 2 in subsection 4 in the 2nd, 3rd and 4th lines (page 1, lines 8 to 10 in L D) by striking out the following "The office shall contract with a nonprofit economic development organization with relevant expertise to develop and manage an office, to be known as the Maine Employee Ownership Center, that" and inserting the following 'Within available federal funds, the office may contract with a nonprofit economic development organization with relevant expertise to develop and manage an office, to be known as the Maine Employee Ownership Center The center'

Amend the bill by striking out all of sections 7, 8, 9 and 10

Amend the bill by inserting after section 11 the following

'Sec. 12. Appropriations and allocations. The following appropriations and allocations are made

ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF
Revenue Services, Bureau of 0002

Initiative Provides one-time funding for computer programming costs to modify tax returns to incorporate new income tax exemptions

GENERAL FUND	2023-24	2024-25
All Other	\$0	\$66,000
GENERAL FUND TOTAL	\$0	\$66,000

ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF DEPARTMENT TOTALS	2023-24	2024-25
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COMMITTEE AMENDMENT

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GENERAL FUND	\$0	\$66,000
DEPARTMENT TOTAL - ALL FUNDS	\$0	\$66,000
ECONOMIC AND COMMUNITY DEVELOPMENT, DEPARTMENT OF		
Business Development 0585		
Initiative Provides base allocations to authorize expenditures in the event federal funds are received to contract with a nonprofit economic development organization with relevant expertise to develop and manage the Maine Employee Ownership Center		
FEDERAL EXPENDITURES FUND	2023-24	2024-25
All Other	\$500	\$500
FEDERAL EXPENDITURES FUND TOTAL	\$500	\$500
ECONOMIC AND COMMUNITY DEVELOPMENT, DEPARTMENT OF DEPARTMENT TOTALS		
	2023-24	2024-25
FEDERAL EXPENDITURES FUND	\$500	\$500
DEPARTMENT TOTAL - ALL FUNDS	\$500	\$500
SECTION TOTALS		
	2023-24	2024-25
GENERAL FUND	\$0	\$66,000
FEDERAL EXPENDITURES FUND	\$500	\$500
SECTION TOTAL - ALL FUNDS	\$500	\$66,500

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

SUMMARY

This amendment provides that the Office of Business Development may contract with a nonprofit economic development organization to develop and manage the Maine Employee Ownership Center only if adequate federal funds are available to do so and removes from the bill provisions that provide an exemption from the franchise tax on financial institutions for interest received by a financial institution on a qualified business acquisition loan

FISCAL NOTE REQUIRED
(See attached)



131st MAINE LEGISLATURE

LD 1276

LR 1824(02)

An Act to Create and Sustain Jobs and Affordable Housing Through the Development of Cooperatives and Employee-owned Businesses

Fiscal Note for Bill as Amended by Committee Amendment "A" (S-370)
 Committee: Taxation
 Fiscal Note Required: Yes

Fiscal Note

	FY 2023-24	FY 2024-25	Projections FY 2025-26	Projections FY 2026-27
Net Cost (Savings)				
General Fund	\$0	\$512,500	\$465,500	\$484,500
Appropriations/Allocations				
General Fund	\$0	\$66,000	\$0	\$0
Federal Expenditures Fund	\$500	\$500	\$500	\$500
Revenue				
General Fund	\$0	(\$446,500)	(\$465,500)	(\$484,500)
Other Special Revenue Funds	\$0	(\$23,500)	(\$24,500)	(\$25,500)

Fiscal Detail and Notes

This bill provides income tax exemptions for tax years beginning on or after January 1, 2024, for capital gains and interest on loans associated with the transfer of business ownership to an employee stock ownership plan or a cooperative. The new exemptions will reduce tax revenue beginning in fiscal year 2024-25. General Fund revenue will decrease by \$446,500 and Local Government Fund revenue will decrease by \$23,500 in that year. The bill includes a one-time appropriation to the Department of Administrative Services, Bureau of Revenue Services of \$66,000 in fiscal year 2024-25 for computer programming costs to modify income tax returns to incorporate the new exemptions.

This bill includes ongoing Federal Expenditures Fund base allocations of \$500 per year beginning in fiscal year 2023-24 to the Business Development program within the Department of Economic and Community Development to authorize expenditures to contract with a nonprofit economic development organization with the required expertise to develop and manage the Maine Employee Ownership Center in the event federal funds are received for that purpose.

The responsibilities outlined in this bill are already reflected in statutorily assigned work for the Office of Program Evaluation and Government Accountability (OPEGA) in reviewing tax expenditures and will be absorbed within existing staff and budget resources.