

MAINE STATE LEGISLATURE

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LAWS
OF THE
STATE OF MAINE

AS PASSED BY THE

ONE HUNDRED AND NINETEENTH LEGISLATURE

SECOND REGULAR SESSION
January 5, 2000 to May 12, 2000

THE GENERAL EFFECTIVE DATE FOR
SECOND REGULAR SESSION
NON-EMERGENCY LAWS IS
AUGUST 11, 2000

PUBLISHED BY THE REVISOR OF STATUTES
IN ACCORDANCE WITH MAINE REVISED STATUTES ANNOTATED,
TITLE 3, SECTION 163-A, SUBSECTION 4.

J.S. McCarthy Company
Augusta, Maine
2000

a fee not to exceed \$10 and appropriate military certification verifying the applicant's service during the Korean Conflict. This decal is to be affixed to the special veterans registration plate and may be displayed until the plate is retired.

Sec. 2. Veterans commemorative decals.

By June 30, 2000, the Secretary of State shall develop and sell a commemorative decal for the Korean Conflict that is designed to overlay the red "V" on the current special veterans registration plate.

Sec. 3. Task force.

By June 30, 2000, the Secretary of State shall convene a task force that includes representatives from veterans organizations and law enforcement agencies to study the feasibility of developing commemorative decals for other wars, military campaigns or military awards. In making its findings, the task force must consider the ability of law enforcement personnel to distinguish and identify the veterans plates, the development of a workable number of decals and the cost for these decals.

The task force must report its findings to the joint standing committee of the Legislature having jurisdiction over transportation matters by January 2, 2001. The joint standing committee may report out legislation to implement findings of the task force. In developing recommendations for the cost of these decals, the Secretary of State should recommend a cost that does not exceed the cost to produce and distribute them.

Sec. 4. Allocation.

The following funds are allocated from the Highway Fund to carry out the purposes of this Act.

2000-01

**SECRETARY OF STATE,
DEPARTMENT OF THE
Bureau of Motor Vehicles**

All Other \$2,495
Allocates funds to cover the costs of producing commemorative decals to be used by veterans of the Korean Conflict.

Emergency clause. In view of the emergency cited in the preamble, this Act takes effect when approved.

Effective May 5, 2000.

CHAPTER 752

S.P. 905 - L.D. 2357

An Act to Amend the Maine Seed Capital Tax Credit Program

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

Sec. 1. 10 MRSA §1100-T, sub-§2, ¶A, as enacted by PL 1987, c. 854, §§2 and 5, is amended to read:

A. A tax credit certificate may be issued in an amount not more than 30% of the amount of cash actually invested in a Maine business in any calendar year. For certificates issued prior to July 1, 2001 for investments made after July 1, 2000, the tax credit certificate may be issued in an amount not more than 40% of the amount of cash actually invested in a Maine business in any calendar year.

Sec. 2. 10 MRSA §1100-T, sub-§2-B is enacted to read:

2-B. Eligibility of private venture capital funds for tax credit certificate until July 1, 2001. Notwithstanding the provisions of subsection 2-A, the requirements for eligibility for a tax credit certificate issued before July 1, 2001 for investment in a private venture capital fund made after the effective date of this subsection include the following.

A. A tax credit certificate may be issued to an individual or entity that invests in a private venture capital fund in an amount that:

(1) Is not more than 40% of the amount of cash actually invested in or unconditionally committed to a private venture capital fund in any calendar year by the individual or entity; and

(2) Does not exceed 40% of the amount of cash invested by the fund in eligible businesses, except that the authority may issue tax credit certificates in an amount not to exceed 20% of the amount of cash actually invested in or unconditionally committed to a private venture capital fund in any calendar year if the authority determines that the private venture capital fund is located in this State, is owned and controlled primarily by Maine residents and has designated investing in eligible Maine businesses as a major investment objective. The credit may be revoked to the extent that the private venture capital fund does not make investments eligible for the tax credit in an

amount sufficient to qualify for the credits within 3 years after the date of the tax credit certificates. Notwithstanding any revocation pursuant to this subparagraph, each investor remains eligible for tax credit certificates for eligible investments as and when made by the private venture capital fund.

The aggregate amount of credits issued to investors in a fund may not exceed 40% of the amount of cash invested by the fund in eligible businesses.

B. As used in this subsection, unless the context otherwise indicates, an "eligible business" includes those businesses eligible for investment under subsection 2-A.

C. Aggregate investments eligible for tax credits may not be more than \$1,000,000 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 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, in the event the entity applying for a tax credit certificate is a partnership, limited liability company, S corporation, nontaxable trust or any other entity that is treated as a flow-through entity for tax purposes under the federal Internal Revenue Code, the aggregate limit of \$200,000 applies to each individual partner, member, stockholder, beneficiary or equity owner of the entity and not to the entity itself.

E. Each business receiving an investment from a private venture capital fund, which investment is used as the basis for the issuance of a tax credit certificate, must have annual gross sales of \$3,000,000 or less and the operation of the business must be the full-time professional activity of the principal owner, as determined by the authority. The principal owner and principal owner's spouse are not eligible for a credit for investment in that business or for an investment by the private venture capital fund in that business. A tax credit certificate may not be issued to a parent, brother, sister or child of a principal owner of a business if the parent, brother, sister or child has any existing ownership interest in

that business or for an investment by the private venture capital fund in that business.

F. Each investment received by a business from a private venture capital fund, which investment is used as the basis for the issuance of a tax credit certificate, must be expended on plant maintenance and construction, equipment, research and development or working capital for the business or on such other business activity as may be approved by the authority.

G. The authority shall establish limits on repayment of the investment by an individual in, and the investments made by, a private venture capital fund, which investment is used as the basis for the issuance of a tax credit certificate. The investments must be at risk in the private venture capital fund and the business, respectively.

H. The investors in a private venture capital fund are not entitled to the credit for collective ownership in excess of 50% of any business. An investor in a private venture capital fund determined by the authority to be a principal owner of a business and the principal owner's spouse are not entitled to a credit with respect to investment in that business, nor are the principal owner's parents, siblings or children entitled to a credit if they have any existing ownership interest in the business.

This subsection is repealed on July 1, 2001.

Sec. 3. 10 MRSA §1100-T, sub-§4, as amended by PL 1997, c. 782, §4, is further amended to read:

4. Total of credits authorized. The authority may issue tax credit certificates to investors eligible pursuant to ~~subsection~~ subsections 2, 2-A and 2-B in an aggregate amount not to exceed \$2,000,000 up to and including calendar year 1996, \$3,000,000 up to and including calendar year 1997, ~~and \$5,500,000 up to and including calendar year 1998, and not to exceed \$7,000,000~~ \$8,000,000 thereafter. ~~In addition, the authority may issue tax credit certificates to investors eligible pursuant to subsection 2-A in an aggregate amount not to exceed \$1,000,000.~~

Sec. 4. 36 MRSA §5216-B, sub-§2, as enacted by PL 1987, c. 854, §§4 and 5, is amended to read:

2. Credit. An investor ~~shall be~~ is entitled to a credit against the tax otherwise due under this Part equal to ~~30%~~ of the amount of the investment tax credit certificate issued by the Finance Authority of Maine in accordance with Title 10, section 1100-T and as limited by this section. In the case of partnerships ~~and~~, limited liability companies, S corporations,

nontaxable trusts, and any other entities that are treated as flow-through entities for tax purposes under the Code, the individual partners ~~or~~ members, stockholders, beneficiaries shall or equity owners of such entities must be treated as the investors under this section and ~~shall be~~ are allowed a credit against the tax otherwise due from them under this Part in proportion to their respective interests in those partnerships ~~or~~ limited liability companies, S corporations, trusts or other flow-through entities. Except as limited or authorized by subsection 3 or 4, 50% of the credit ~~shall must~~ be taken in the taxable year the investment is made and 50% in the next taxable year.

Sec. 5. Application. This Act applies to tax credit certificates issued on or after the effective date of this Act for investments made on or after the effective date of this Act.

Sec. 6. Appropriation. The following funds are appropriated from the General Fund to carry out the purposes of this Act.

2000-01

ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF

Reserve for Tax Credits

Unallocated \$150,000

Provides funds to be set aside in a reserve account within the Bureau of Revenue Services. The amounts may not lapse but must carry forward until June 30, 2003 when any remaining balance in the account must lapse to the General Fund. Prior to the close of each fiscal year, the State Tax Assessor in consultation with the Finance Authority of Maine shall determine the amount of the General Fund revenue lost as a result of this Act and notify the State Controller of the amount. The State Controller shall transfer that amount to the General Fund at the close of the fiscal year. The Finance Authority of Maine will provide a report to the joint standing committee of the Legislature having jurisdiction

over business and economic development matters prior to September 1st of each year through 2003 that evaluates any increase in investment by individuals and private venture capital funds in eligible Maine businesses.

See title page for effective date.

CHAPTER 753

S.P. 918 - L.D. 2370

An Act to Amend Certain Transportation Laws

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

Sec. 1. 23 MRSA §61, sub-§2-A is enacted to read:

2-A. Easements may be conveyed. The Department of Transportation may grant or otherwise transfer easements over property taken or acquired for transportation purposes when the department in its sole discretion determines that the conveyance of such easements is appropriate and necessary.

Sec. 2. 23 MRSA §154-D, 2nd ¶, as amended by PL 1987, c. 395, Pt. A, §96, is further amended to read:

Any person displaced by a taking or acquisition who remains in occupancy after the date of acquisition ~~shall may be required to pay rent compensation~~ from the date of the acquisition. The ~~consideration compensation~~ paid by the ~~tenant or~~ displaced person ~~shall may~~ not exceed fair rental value of the property based on short-term occupancy. If the ~~tenants or~~ displaced person and the department cannot reach agreement as to equivalent of fair rental value for the initial 90-day period after acquisition, each may apply to the State Claims Commission in writing for such a determination ~~as to the fair rental value~~. The State Claims Commission's jurisdiction to determine the fair rental value ~~shall be~~ is limited solely to the initial 90-day period. Any ~~consideration compensation~~ to be paid by the ~~tenant or~~ displaced person after the initial 90-day period ~~shall must~~ be determined solely by the department.

Sec. 3. 23 MRSA §1803-B, sub-§1, ¶A, as enacted by PL 1999, c. 473, Pt. D, §4, is amended to read: