

# MAINE STATE LEGISLATURE

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**LAWS**  
**OF THE**  
**STATE OF MAINE**

**AS PASSED BY THE**  
**ONE HUNDRED AND TWENTIETH LEGISLATURE**  
**FIRST REGULAR SESSION**  
**December 6, 2000 to June 22, 2001**

**THE GENERAL EFFECTIVE DATE FOR**  
**FIRST REGULAR SESSION**  
**NON-EMERGENCY LAWS IS**  
**SEPTEMBER 21, 2001**

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

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**J.S. McCarthy Company**  
**Augusta, Maine**  
**2001**

of payment of the excise tax required by Title 36, section 1482, and the registration fee required by section 501 and a one-time additional fee of \$5, shall issue a registration certificate and a set of special veterans registration plates to be used in lieu of regular registration plates to any person who has served in the United States Armed Forces and who has been honorably discharged. If a veteran is the primary driver of 2 vehicles, the Secretary of State may issue in accordance with this section a set of special veterans registration plates for each vehicle.

Each application must be accompanied by the applicant's Armed Forces Report of Transfer or Discharge, DD Form 214, or certification from the United States Veterans Administration or the appropriate branch of the United States Armed Forces verifying the applicant's military service and honorable discharge.

All surplus revenue collected for issuance of the special registration plates is retained by the Secretary of State to maintain and support this program.

A. Between June 30, 2000 and June 29, 2001, the Secretary of State may issue special commemorative decals to any person who served in the United States Armed Forces during the Korean Conflict, June 27, 1950 to January 31, 1955, when that person's application is accompanied by 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.

See title page for effective date.

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## CHAPTER 445

### H.P. 780 - L.D. 1024

#### **An Act to Extend the Youth in Need of Services Oversight Committee**

**Emergency preamble.** Whereas, Acts of the Legislature do not become effective until 90 days after adjournment unless enacted as emergencies; and

**Whereas**, under the current law, the Youth in Need of Services Oversight Committee is scheduled for repeal on June 30, 2001; and

**Whereas**, this legislation removes the repealer in order to ensure the continuation of the oversight committee; and

**Whereas**, in the judgment of the Legislature, these facts create an emergency within the meaning of the Constitution of Maine and require the following

legislation as immediately necessary for the preservation of the public peace, health and safety; now, therefore,

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

**Sec. 1. 22 MRSA §4099**, as enacted by PL 1999, c. 778, §2, is amended to read:

#### **§4099. Repeal**

This subchapter is repealed June 30, 2001 2002.

**Sec. 2. Limitation.** The Youth in Need of Services Pilot Program, established in the Maine Revised Statutes, Title 22, section 4096, is limited to 3 meetings between the effective date of this Act and June 30, 2002.

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

Effective June 27, 2001.

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## CHAPTER 446

### H.P. 974 - L.D. 1298

#### **An Act Providing for Enhancements to 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 amended by PL 1999, c. 752, §1, is further amended to read:

A. A tax credit certificate may be issued in an amount not more than ~~30%~~ 40% 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-A, ¶¶A, C to E and H**, as amended by PL 1997, c. 774, §1, are further amended to read:

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

(1) Is not more than ~~30%~~ 40% of the amount of cash actually invested in or un-

conditionally committed to a private venture capital fund in any calendar year by the individual or entity; and

(2) Does not exceed ~~30%~~ 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 residents of this State and has designated investing in eligible businesses of this State 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 ~~30%~~ 40% of the amount of cash invested by the fund in eligible businesses.

C. Aggregate investment 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, if 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 ~~\$2,000,000~~ \$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, if any, 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 if the parent, brother, sister or child has any existing ownership interest in that business or in for an investment by the private venture capital fund in that business.

H. The investors ~~qualifying for the credit must collectively own less than 1/2 of the private venture capital fund and less than 1/2 of any business in which an investment is made by the private venture capital fund, which investment is used as the basis for the issuance of a tax credit 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, if any, 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.~~

**Sec. 3. 10 MRSA §1100-T, sub-§4,** as amended by PL 1999, c. 752, §3, is further amended to read:

**4. Total of credits authorized.** The authority may issue tax credit certificates to investors eligible pursuant to subsections 2, and 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, \$5,500,000 up to and including calendar year 1998, and \$8,000,000 up to and including calendar year 2001, \$10,000,000 up to and including calendar year 2002, \$11,000,000 up to and including calendar year 2003 and \$12,000,000 thereafter. The authority may provide that investors eligible for a tax credit under this section in a year when there is insufficient credit available are entitled to take the credit when it becomes available.

**Sec. 4. 36 MRSA §5216-B, sub-§2,** as amended by PL 1999, c. 752, §4, is further amended to read:

**2. Credit.** An investor is entitled to a credit against the tax otherwise due under this Part equal to the amount of the 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, 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, members, stockholders, beneficiaries or equity owners of such entities must be treated as the investors under this section and are allowed a credit against the tax otherwise due from them under this Part in proportion to their respective interests in those partnerships, limited liability companies, S corporations, trusts or other flow-through entities. Except as limited or authorized by subsection 3 or 4, ~~50%~~ 15% of the credit must be taken in the taxable year the investment is made and ~~50%~~ 15% per year must be taken in each of the next ~~5~~ year years and 10% taken in the next taxable year.

**Sec. 5. Report.** The Finance Authority of Maine shall present a preliminary report to the joint standing committee of the Legislature having jurisdiction over taxation matters before January 1, 2002 and a final report before January 1, 2003. The reports must identify the number and value of tax credit certificates issued under the seed capital tax credit program and the number and types of businesses that benefited from investments eligible for the credit. To the extent that information is available the reports must identify the county or region of the State where investments are made.

**Sec. 6. 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.

See title page for effective date.

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**CHAPTER 447**

**S.P. 376 - L.D. 1214**

**An Act to Encourage the Use of  
Locally Grown Foods in School Food  
Service Programs**

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

**Sec. 1. 20-A MRSA §6602, sub-§12** is enacted to read:

**12. Local Produce Fund.** The Local Produce Fund is established within the Department of Education. The fund is authorized to receive revenue from public and private sources. The fund must be held

separate and apart from all other money, funds and accounts. Any balance remaining in the fund at the end of the fiscal year must be carried forward to the next fiscal year. The fund must be used to match \$1 for every \$3 a school administrative unit pays for produce or minimally processed foods purchased directly from a farmer or farmers' cooperative in the State, to a maximum state contribution of \$1,000. At the end of the fiscal year, the school administrative unit may provide the department with receipts documenting purchases pursuant to this subsection during that year. For purposes of this subsection, "minimally processed" means only the washing, cleaning, trimming, drying, sorting and packaging of food items or a combination of those activities. Reimbursement or partial reimbursement to school administrative units may only be made up to the amount available in the fund. Failure to reimburse does not constitute an obligation on behalf of the State to a school administrative unit.

**Sec. 2. Allocation.** The following funds are allocated from Other Special Revenue funds to carry out the purposes of this Act.

**2002-03**

**EDUCATION, DEPARTMENT  
OF**

**Local Produce Fund**

All Other \$500

Provides an allocation to allow reimbursement of \$1 to local school administrative units for every \$3 of produce or minimally processed foods purchased directly from a farmer or farmers' cooperative in the State.

See title page for effective date.

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**CHAPTER 448**

**S.P. 433 - L.D. 1413**

**An Act to Transfer Administration of  
Certain Reimbursement Functions of  
the Workers' Compensation  
Employment Rehabilitation Fund to  
a Voluntary Coalition of Parties in  
Interest**

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