

# MAINE STATE LEGISLATURE

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STATE OF MAINE  
126<sup>TH</sup> LEGISLATURE  
SECOND REGULAR SESSION



Summaries of bills, adopted amendments and laws enacted or finally passed

**JOINT STANDING COMMITTEE ON TAXATION**

May 2014

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**STATE OF MAINE**  
126<sup>TH</sup> LEGISLATURE  
SECOND REGULAR SESSION  
**LEGISLATIVE DIGEST OF BILL SUMMARIES AND**  
**ENACTED LAWS**

The *Digest* is arranged within each committee by Legislative Document (LD) number. The committee report(s), prime sponsor and lead co-sponsor(s), if designated, are listed below each LD title. All adopted amendments are summarized and listed by paper number. A subject index is included with each committee.

Final action on each LD is noted to the right of the LD title. The following describes the various final actions.

*CARRIED OVER*.....carried over to a subsequent session of the Legislature  
*CON RES XXX* ..... chapter # of constitutional resolution passed by both houses  
*CONF CMTE UNABLE TO AGREE*..... Committee of Conference unable to agree; legislation died  
*DIED BETWEEN HOUSES* .....House & Senate disagreed; legislation died  
*DIED IN CONCURRENCE* ..... defeated in each house, but on different motions; legislation died  
*DIED ON ADJOURNMENT* ..... action incomplete when session ended; legislation died  
*EMERGENCY* .....enacted law takes effect sooner than 90 days after session adjournment  
*FAILED, EMERGENCY ENACTMENT or FINAL PASSAGE*.....emergency failed to receive required 2/3 vote  
*FAILED, ENACTMENT or FINAL PASSAGE*..... failed to receive final majority vote  
*FAILED, MANDATE ENACTMENT*.....legislation proposing local mandate failed required 2/3 vote  
*HELD BY GOVERNOR*..... Governor has not signed; final disposition to be determined at subsequent session  
*LEAVE TO WITHDRAW*.....sponsor's request to withdraw legislation granted  
*NOT PROPERLY BEFORE THE BODY*.....ruled out of order by the presiding officer; legislation died  
*INDEF PP*..... indefinitely postponed; legislation died  
*ONTP, ACCEPTED, MAJORITY, MINORITY or REPORT X*... ought-not-to-pass report accepted; legislation died  
*P&S XXX*..... chapter # of enacted private & special law  
*PUBLIC XXX* ..... chapter # of enacted public Law  
*RESOLVE XXX* ..... chapter # of finally passed resolve  
*VETO SUSTAINED*.....Legislature failed to override Governor's veto

The effective date for non-emergency legislation enacted in the Second Regular Session of the 126<sup>th</sup> Legislature is August 1, 2014. The effective date for legislation enacted as an emergency measure may be found in the enacted law summary for that legislation.

*Joint Standing Committee on Taxation*

**LD 369      An Act To Redesign Maine's School Funding Model**

**ONTP**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
JOHNSON C BERRY	ONTP	

This bill was carried over from the First Regular Session of the 126th Legislature by the Joint Standing Committee on Education and referred to the Joint Standing Committee on Taxation.

This bill is a concept draft pursuant to Joint Rule 208. The bill proposes a redesign of Maine's school funding formula to achieve equal educational opportunity for Maine students and statewide equity in property tax burden. When rereferring this bill, the Joint Standing Committee on Education asked the Joint Standing Committee on Taxation to address the impact of the school funding formula on property tax burden through amendments to the property tax fairness credit under the income tax.

See also LD 1751.

**LD 743      An Act To Extend and Improve the Maine Seed Capital Tax Credit Program**

**PUBLIC 438**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
VALENTINO HOBBINS	OTP-AM	S-213 S-341 HILL

This bill was enacted by the Legislature during the First Regular Session of the 126th Legislature and was held by the Governor; final disposition occurred at the beginning of the Second Regular Session.

This bill extends the Maine Seed Capital Tax Credit Program, which is approaching the statutory cap on credits that can be authorized, and makes a number of changes. The bill makes the amount of the tax credit the same for individual investors and venture capital funds, clarifies that producers of value-added natural resource products are eligible, removes the ambiguous eligibility for businesses that "bring capital into the State" and specifies that eligible businesses must certify that the investment is necessary to allow the business to create or retain jobs in the State. The bill increases the maximum annual sales limit of \$3,000,000, which has been in effect since 1997, to \$5,000,000 for investments made in 2014 or after. The bill authorizes additional tax credits of \$2,000,000 for investments made between June 1, 2013 and December 31, 2013, \$4,000,000 for investments made in calendar year 2014 and \$5,000,000 each year for investments made in each subsequent year.

**Committee Amendment "A" (S-213)**

This amendment clarifies that investors other than private venture capital funds are eligible for a tax credit certificate. It requires businesses applying under the Maine Seed Capital Tax Credit Program to certify that the amount of the credit is necessary to allow the business to create or retain jobs in the State. It adds a definition of "value-added" and applies it to the term "natural resource enterprise," which is a defined term. It changes the limits on the amount of investment by a private venture capital fund eligible for a credit from \$500,000 per entity to \$500,000 multiplied by the number of investors in the private venture capital fund or \$4,000,000, whichever is less.

**Senate Amendment "A" To Committee Amendment "A" (S-341)**

This amendment limits the amount of additional seed capital tax credit certificates that may be issued to \$675,000 between January 1, 2014 and December 31, 2014, to \$4,000,000 for investments made in calendar year 2015 and to

## *Joint Standing Committee on Taxation*

\$5,000,000 each year for investments made in calendar years beginning with 2016.

### **Enacted Law Summary**

Public Law 2013, chapter 438 extends the Maine Seed Capital Tax Credit Program, which is approaching the statutory cap on credits that can be authorized, and makes the following changes.

1. It makes the amount of the tax credit the same for individual investors and venture capital funds.
2. It clarifies that investments in value-added natural resource enterprises may be eligible for the credit.
3. It removes the eligibility requirement for businesses that "bring capital into the State" and specifies instead that eligible businesses must certify that the amount of the credit is necessary to allow the business to create or retain jobs in the State.
4. It increases the maximum annual sales limit of an eligible business for which a qualifying investment may be made from \$3,000,000 to \$5,000,000 beginning in 2014.
5. It changes the limits on the amount of investment by a private venture capital fund eligible for a credit from \$500,000 per entity to \$500,000 multiplied by the number of investors in the private venture capital fund or \$4,000,000, whichever is less.
6. It limits the value of additional seed capital tax credit certificates that may be issued to \$675,000 between January 1, 2014 and December 31, 2014, to \$4,000,000 for investments made in calendar year 2015 and to \$5,000,000 each year for investments made in calendar years beginning with 2016.

**LD 816      An Act To Reduce the Property Tax Burden and Improve the  
Circuitbreaker Program**

**ONTP**

Sponsor(s)

POWERS  
HASKELL

Committee Report

ONTP

Amendments Adopted

This bill was carried over from the First Regular Session of the 126th Legislature.

This bill is a concept draft that proposes to improve the Circuitbreaker Program by simplifying the determination of eligibility, transitioning the application period to the income tax filing period, permitting application to be made through the Department of Health and Human Services' integrated eligibility system and ensuring an adequate source of funding.

Certain proposals in this bill were enacted as part of the FY 2013-14 biennial budget bill during the First Regular Session, Public Law 368, Part L.

**LD 916      An Act To Promote Investment in Maine's Communications Network  
and Natural Gas Network**

**ONTP**

Sponsor(s)

BROOKS  
HASKELL

Committee Report

ONTP

Amendments Adopted

This bill was carried over from the First Regular Session of the 126th Legislature.