

OFFICE OF FISCAL AND PROGRAM REVIEW

Date: May 28, 2013
To: Members, Joint Standing Committee on Taxation
From: Elizabeth Cooper, Legislative Analyst
Re: Final Amendment Review - LD 743

An amendment and fiscal note for LD 743 are attached for your review.

L.D. 743, "An Act To Extend and Improve the Maine Seed Capital Tax Credit Program"

The Committee voted OTPA on May 6, 2013.

- The 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 limits the availability of the tax credit for private venture capital funds to the lesser of \$500,000 times the number of investors in the fund or \$4,000,000.
- There is a fiscal note required.

Please let me know if you have any questions or concerns about this amendment. It will be reported out of Committee soon.



126th MAINE LEGISLATURE

LD 743

LR 1377(02)

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

Fiscal Note for Bill as Amended by Committee Amendment " "

Committee: Taxation

Fiscal Note Required: Yes

Fiscal Note

	FY 2013-14	FY 2014-15	Projections FY 2015-16	Projections FY 2016-17
Net Cost (Savings)				
General Fund	\$432,250	\$1,297,700	\$2,163,150	\$3,028,600
Revenue				
General Fund	(\$432,250)	(\$1,297,700)	(\$2,163,150)	(\$3,028,600)
Other Special Revenue Funds	(\$22,750)	(\$68,300)	(\$113,850)	(\$159,400)

Fiscal Detail and Notes

Amending the Maine Seed Capital Tax Credit Program as proposed in this bill reduces General Fund revenue by \$432,250 in FY 2013-14 and by \$1,297,700 in FY 2014-15. Municipal Revenue Sharing revenue is reduced by \$22,750 in FY 2013-14 and by \$68,300 in FY 2014-15.

Given the current provisions under the Maine Seed Capital Tax Credit Program in both statute and rule that allow the Authority to charge certain fees, additional General Fund appropriations to the Finance Authority of Maine to implement the requirements of this legislation will not be required.

1
2
R O F S

Date:

(Filing No. S-)

3 TAXATION

4 Reproduced and distributed under the direction of the Secretary of the Senate.

5 STATE OF MAINE

6 SENATE

7 126TH LEGISLATURE

8 FIRST REGULAR SESSION

9 COMMITTEE AMENDMENT " " to S.P. 281, L.D. 743, Bill, "An Act To Extend
10 and Improve the Maine Seed Capital Tax Credit Program"

11 Amend the bill by inserting before section 1 the following:

12 'Sec. 1. 10 MRSA §963-A, sub-§50-A is enacted to read:

13 50-A. Value-added. "Value-added" means that an enhancement to a product or
14 service that increases the value or marketability of the product or service has been
15 applied.'

16 Amend the bill in section 1 in subsection 1-A in the last line (page 1, line 13 in L.D.)
17 by striking out the following: "proposed"

18 Amend the bill in section 2 in subsection 2 in the first line (page 1, line 16 in L.D.) by
19 inserting after the following: "credit certificate" the following: 'for individuals and
20 entities other than venture capital funds'

21 Amend the bill in section 2 in subsection 2 in paragraph B in the 2nd line (page 1,
22 line 35 in L.D.) by striking out the following: "producer of a value-added natural
23 resource product" and inserting the following 'value-added natural resource enterprise'

24 Amend the bill in section 2 in subsection 2 in paragraph B in the 2nd line from the
25 end (page 1, line 40 in L.D.) by inserting after the following: "certify that" the following:
26 'the amount of

27 Amend the bill in section 3 in the first line (page 2, line 32 in L.D.) by striking out
28 the following: "D, E and H" and inserting the following: 'D and E'

29 Amend the bill in section 3 in paragraph B in the 2nd line (page 2, line 35 in L.D.) by
30 striking out the following: "an investment" and inserting the following: 'the amount of
31 the investment'

32 Amend the bill in section 3 in paragraph B by striking out all of subparagraph (1)
33 (page 2, line 38 in L.D.) and inserting the following:

34 '(1) Is a manufacturer or a value-added natural resource enterprise.'

COMMITTEE AMENDMENT

ROFS

1 Amend the bill in section 3 in paragraph D in the 2nd line (page 3, line 5 in L.D.) by
2 inserting after the following: "more than" the following: 'the lesser of an amount equal to
3 \$500,000 times the number of investors in the private venture capital fund and'

4 Amend the bill in section 3 by striking out all of paragraph H.

5 Amend the bill in section 4 in subsection 4 in the 7th line from the end (page 4, line
6 12 in L.D.) by striking out the following: "June" and inserting the following: 'July'

7 Amend the bill by striking out all of section 6.

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

10 **SUMMARY**

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