



128th MAINE LEGISLATURE

SECOND REGULAR SESSION-2018

Legislative Document

No. 1796

H.P. 1240

House of Representatives, January 22, 2018

An Act To Improve the Effectiveness of the New Markets Capital Investment Credit

Reported by Representative TIPPING of Orono for the Joint Standing Committee on
Taxation pursuant to the Maine Revised Statutes, Title 3, section 999, subsection 4.

Reference to the Committee on Taxation suggested and ordered printed pursuant to Joint
Rule 218.

A handwritten signature in cursive script that reads "R(t) B. Hunt".

ROBERT B. HUNT
Clerk

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

2 **Sec. 1. 36 MRSA §5219-HH, sub-§1, ¶J,** as amended by PL 2013, c. 75, §1, is
3 further amended to read:

4 J. "Qualified low-income community investment" means any capital or equity
5 investment in, or loan to, any qualified active low-income community business made
6 after September 28, 2011. Except as otherwise provided in this paragraph, with
7 respect to any one qualified active low-income community business, the maximum
8 amount of qualified low-income community investments that may be made with the
9 proceeds of qualified equity investments that have been certified under Title 10,
10 section 1100-Z, subsection 3, paragraph G is \$10,000,000 per project constructed,
11 maintained or operated by the qualified active low-income community business
12 whether made by one or several qualified community development entities. With
13 respect to investments in a qualified active low-income community business that is a
14 manufacturing or value-added production enterprise, the limit on the qualified low-
15 income community investment is \$40,000,000 per project constructed, maintained or
16 operated by the qualified active low-income community business. For the purposes
17 of this paragraph, with respect to projects to which the \$10,000,000 limitation
18 applies, "project" includes all land, buildings, structures, machinery and equipment
19 located at the same location and constructed, maintained or operated by the qualified
20 active low-income community business. For the purposes of this paragraph, with
21 respect to projects to which the \$40,000,000 limitation applies, "project" means, and
22 refers separately to, each manufacturing or value-added production facility that
23 projects to create or retain more than 200 jobs, including the land, buildings,
24 structures, machinery and equipment functionally related to, and integrated with, the
25 manufacturing or production process conducted on the site of that facility. "Project"
26 does not mean or include the component pieces of an integrated manufacturing or
27 production process conducted on the site of a particular facility. "Qualified low-
28 income community investment" does not include a capital or equity investment made
29 after November 9, 2015 if more than 5% of the investment is used to refinance costs,
30 expenses or investments incurred or paid by the qualified active low-income
31 community business or a party related to the qualified active low-income community
32 business prior to the date of the qualified low-income community investment; make
33 equity distributions from the qualified active low-income community business to its
34 owners; acquire an existing business or enterprise in the State; or pay transaction
35 fees.

36 **SUMMARY**

37 This bill implements the recommendation of the tax expenditure report of the Joint
38 Standing Committee on Taxation and the evaluation report of the Office of Program
39 Evaluation and Government Accountability with regard to the new markets capital
40 investment credit by excluding from the definition of "qualified low-income community
41 investment" a capital or equity investment if more than 5% of the investment is used to
42 refinance costs, expenses or investments incurred or paid by the qualified active low-
43 income community business or a party related to the qualified active low-income
44 community business prior to the date of the qualified low-income community investment;

1 make equity distributions from the qualified active low-income community business to its
2 owners; acquire an existing business or enterprise in the State; or pay transaction fees.
3 This bill excludes from the tax credit investments that are used to cover payments
4 referred to as "same-day loans."