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Legislative Document

No. 229

S.P. 97

In Senate, January 27, 2021

An Act To Increase Investment Caps in the Maine Seed Capital Tax Credit Program

Received by the Secretary of the Senate on January 25, 2021. Referred to the Committee on Taxation pursuant to Joint Rule 308.2 and ordered printed.

A handwritten signature in black ink, appearing to read 'D M Grant'.

DAREK M. GRANT
Secretary of the Senate

Presented by Senator FARRIN of Somerset.
Cosponsored by Representative DUCHARME of Madison and
Senators: CURRY of Waldo, MIRAMANT of Knox, POULIOT of Kennebec, Representative:
TERRY of Gorham.

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

2 **Sec. 1. 10 MRSA §1100-T, sub-§2, ¶C**, as amended by PL 2019, c. 616, Pt. LL,
3 §2, is further amended to read:

4 C. Aggregate investment eligible for tax credits may not be more than \$5,000,000 for
5 any one business as of the date of issuance of a tax credit certificate. Beginning with
6 investments made on or after April 1, ~~2020~~ 2021, aggregate investment eligible for tax
7 credits may not be more than ~~\$3,500,000~~ \$6,000,000 for any one business as of the
8 date of issuance of a tax credit certificate and not more than ~~\$2,000,000~~ \$3,000,000 for
9 any calendar year.

10 **Sec. 2. 10 MRSA §1100-T, sub-§2-C, ¶C**, as amended by PL 2019, c. 616, Pt.
11 LL, §7, is further amended to read:

12 C. Aggregate investment eligible for tax credit certificates, including investments
13 under this subsection and under subsection 2, may not be more than \$5,000,000 for any
14 one eligible business. Beginning with investments made on or after April 1, ~~2020~~ 2021,
15 aggregate investment eligible for tax credit certificates, including investments under
16 this subsection and under subsection 2, may not be more than ~~\$3,500,000~~ \$6,000,000
17 for any one eligible business in total and not more than ~~\$2,000,000~~ \$3,000,000 for any
18 calendar year.

19 **Sec. 3. 10 MRSA §1100-T, sub-§2-C, ¶D**, as amended by PL 2019, c. 616, Pt.
20 LL, §8, is further amended to read:

21 D. The investment with respect to which any private venture capital fund is applying
22 for a tax credit certificate may not be more than the lesser of an amount equal to
23 \$500,000 times the number of investors in the private venture capital fund and an
24 aggregate of \$4,000,000 in any one eligible business invested in by a private venture
25 capital fund in any 3 consecutive calendar years. For investments made on or after
26 April 1, ~~2020~~ 2021, the investment with respect to which any private venture capital
27 fund is applying for a tax credit certificate may not be more than the lesser of an amount
28 equal to \$500,000 times the number of investors in the private venture capital fund and
29 an aggregate of ~~\$3,500,000~~ \$6,000,000 in any one eligible business invested in by a
30 private venture capital fund. This paragraph does not limit other investment by an
31 applicant for which that applicant is not applying for a tax credit certificate. A private
32 venture capital fund must certify to the authority that it will be in compliance with these
33 limitations. The tax credit certificate issued to a private venture capital fund may be
34 revoked and any credit taken recaptured pursuant to Title 36, section 5216-B,
35 subsection 5 if the fund is not in compliance with this paragraph.

36 **SUMMARY**

37 This bill increases the annual cap on eligible investment in any one business eligible
38 for the seed capital tax credit from \$2,000,000 to \$3,000,000 and the aggregate cap on
39 eligible investment in any one eligible business from \$3,500,000 to \$6,000,000.