

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35  
36

Date: (Filing No. S- )

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

**STATE OF MAINE**  
**SENATE**  
**131ST LEGISLATURE**  
**SECOND REGULAR SESSION**

SENATE AMENDMENT “ ” to COMMITTEE AMENDMENT “A” to S.P. 513, L.D. 1276, “An Act to Create and Sustain Jobs and Affordable Housing Through the Development of Cooperatives and Employee-owned Businesses”

Amend the amendment by striking out everything after the title and inserting the following:

'Amend the bill by striking out everything after the enacting clause and inserting the following:

'Sec. 1. 5 MRSA §13062, 2nd ¶, as enacted by PL 1987, c. 534, Pt. A, §§17 and 19, is amended to read:

The Office of Business Development shall be is responsible for the implementation of a program consisting of 3 4 primary elements.

Sec. 2. 5 MRSA §13062, sub-§4 is enacted to read:

**4. Encouragement of employee ownership of businesses; Maine Employee Ownership Center.** Within available federal funds, the office may contract with a nonprofit economic development organization with relevant expertise to develop and manage the Maine Employee Ownership Center. The Maine Employment Ownership Center shall:

A. Develop educational programs, including convening an annual conference on employee ownership issues;

B. Provide information about employee ownership and technical assistance to retiring business owners, employees of plants threatened with closure and entrepreneurs interested in creating businesses with broadly shared ownership;

C. Link businesses in the State interested in implementing employee ownership to available financial, technical and legal resources;

D. Assist businesses and employee groups in performing preliminary feasibility studies to determine the initial feasibility of employee ownership and whether the business and employee group should perform a full feasibility study;

E. Help businesses interested in implementing some form of employee ownership obtain financing;

**SENATE AMENDMENT**

- 1 F. Promote best practices for operating employee-owned businesses;
- 2 G. Recommend legislative or executive action to promote employee ownership; and
- 3 H. Work with the Office of Program Evaluation and Government Accountability to
- 4 define the scope of data collection and to collect data and other information to facilitate
- 5 tax expenditure review under Title 3, chapter 37, including, but not limited to:
  - 6 (1) The number of businesses that have converted to employee or cooperative
  - 7 ownership;
  - 8 (2) The number of full-time equivalent jobs retained as a result of conversion to
  - 9 employee or cooperative ownership;
  - 10 (3) The number of housing units converted to cooperative ownership; and
  - 11 (4) Data and information regarding other measures of the fiscal impact and overall
  - 12 economic development in the State that occurred as the result of conversion to
  - 13 employee or cooperative ownership.

14 **Sec. 3. 36 MRSA §5122, sub-§2, ¶AAA** is enacted to read:

15 AAA. For taxable years beginning on or after January 1, 2024, to the extent included  
16 in federal adjusted gross income and to the extent otherwise subject to state income  
17 tax, an amount equal to any gain recognized on the sale by the taxpayer of an ownership  
18 interest greater than 50% in a qualified business if the business provides housing and  
19 was transferred to a consumer cooperative organized under Title 13, chapter 85,  
20 subchapter 1 or a cooperative affordable housing cooperation organized under Title 13,  
21 chapter 85, subchapter 1-A.

- 22 (1) The deduction allowed pursuant to this paragraph may not exceed \$750,000.
- 23 (2) For purposes of this paragraph, "qualified business" means a business whose
- 24 securities are not publicly traded on any stock exchange and that is registered with
- 25 the Secretary of State or whose principal place of business is within the State,
- 26 including a corporation, an S corporation, a limited liability company, a limited
- 27 liability partnership, a sole proprietorship and all entities that are not publicly
- 28 traded and are related by common majority ownership or control.

29 **Sec. 4. 36 MRSA §5200-A, sub-§2, ¶JJ** is enacted to read:

30 JJ. For taxable years beginning on or after January 1, 2024, to the extent included in  
31 federal taxable income and to the extent otherwise subject to state income tax, an  
32 amount equal to any gain recognized on the sale by the taxpayer of an ownership  
33 interest greater than 50% in a qualified business if the business provides housing and  
34 was transferred to a consumer cooperative organized under Title 13, chapter 85,  
35 subchapter 1 or a cooperative affordable housing corporation organized under Title 13,  
36 chapter 85, subchapter 1-A.

- 37 (1) The deduction allowed pursuant to this paragraph may not exceed \$750,000.
- 38 (2) For purposes of this paragraph, "qualified business" means a business whose
- 39 securities are not publicly traded on any stock exchange and that is registered with
- 40 the Secretary of State or whose principal place of business is within the State,
- 41 including a corporation, an S corporation, a limited liability company, a limited

1 liability partnership, a sole proprietorship and all entities that are not publicly  
 2 traded and are related by common majority ownership or control.

3 **Sec. 5. Evaluation; specific public policy objective; performance measures.**

4 The deductions provided under this Act are subject to ongoing legislative review in  
 5 accordance with the Maine Revised Statutes, Title 3, chapter 37. The Office of Program  
 6 Evaluation and Government Accountability shall include review of deductions provided  
 7 under this Act in its regular schedule of tax expenditure reviews. In developing evaluation  
 8 parameters to perform the evaluation, the Office of Program Evaluation and Government  
 9 Accountability, the Government Oversight Committee and the joint standing committee of  
 10 the Legislature having jurisdiction over taxation matters shall consider:

11 **1. Policy objective.** That the specific public policy objective of the deductions  
 12 provided under this Act is to preserve and expand units of affordable housing in  
 13 manufactured housing parks and apartment buildings; and

14 **2. Performance measures.** Performance measures, including, but not limited to:

15 A. The number of qualifying businesses that have converted to employee or  
 16 cooperative ownership if the Maine Employee Ownership Center is established;

17 B. The number of full-time equivalent jobs retained and units of affordable housing  
 18 created or retained if the Maine Employee Ownership Center is established;

19 C. The number of housing units converted to cooperative housing; and

20 D. Measures of fiscal impact and overall economic impact to the State.

21 **Sec. 6. Appropriations and allocations.** The following appropriations and  
 22 allocations are made.

23 **ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF**  
 24 **Revenue Services, Bureau of 0002**

25 Initiative: Provides one-time funding for computer programming costs to modify tax  
 26 returns to incorporate new income tax exemptions.

27 <b>GENERAL FUND</b>	<b>2023-24</b>	<b>2024-25</b>
28 All Other	\$0	\$33,000
29		
30 GENERAL FUND TOTAL	\$0	\$33,000

31

32 **ADMINISTRATIVE AND FINANCIAL**  
 33 **SERVICES, DEPARTMENT OF**  
 34 **DEPARTMENT TOTALS**

35	<b>2023-24</b>	<b>2024-25</b>
36 <b>GENERAL FUND</b>	<b>\$0</b>	<b>\$33,000</b>
37		
38 <b>DEPARTMENT TOTAL - ALL FUNDS</b>	<b>\$0</b>	<b>\$33,000</b>

39 **ECONOMIC AND COMMUNITY DEVELOPMENT, DEPARTMENT OF**  
 40 **Business Development 0585**

1 Initiative: Provides base allocations to authorize expenditures in the event federal funds are  
 2 received to contract with a nonprofit economic development organization with relevant  
 3 expertise to develop and manage the Maine Employee Ownership Center.

4	<b>FEDERAL EXPENDITURES FUND</b>	<b>2023-24</b>	<b>2024-25</b>
5	All Other	\$0	\$500
6			
7	FEDERAL EXPENDITURES FUND TOTAL	\$0	\$500

8

9 **ECONOMIC AND COMMUNITY**  
 10 **DEVELOPMENT, DEPARTMENT OF**  
 11 **DEPARTMENT TOTALS**

11		<b>2023-24</b>	<b>2024-25</b>
12			
13	<b>FEDERAL EXPENDITURES FUND</b>	<b>\$0</b>	<b>\$500</b>
14			
15	<b>DEPARTMENT TOTAL - ALL FUNDS</b>	<b>\$0</b>	<b>\$500</b>

16

17 **SECTION TOTALS**

17		<b>2023-24</b>	<b>2024-25</b>
18			
19	<b>GENERAL FUND</b>	<b>\$0</b>	<b>\$33,000</b>
20	<b>FEDERAL EXPENDITURES FUND</b>	<b>\$0</b>	<b>\$500</b>
21			
22	<b>SECTION TOTAL - ALL FUNDS</b>	<b>\$0</b>	<b>\$33,500</b>

23 ''

24 Amend the amendment by relettering or renumbering any nonconsecutive Part letter or  
 25 section number to read consecutively.

26 **SUMMARY**

27 This amendment does the following to support employee-owned businesses and  
 28 cooperatives.

29 1. It excludes from State income tax the amount of gain, up to a maximum of \$750,000,  
 30 recognized by a business owner in transferring the business to an affordable housing  
 31 cooperative.

32 2. It allows the Department of Economic and Community Development, Office of  
 33 Business Development to use available federal funds to contract with a nonprofit  
 34 development organization with relevant expertise to develop and manage the Maine  
 35 Employee Ownership Center to provide information and programs to assist businesses in  
 36 the transition to employee or cooperative ownership.

37 3. It specifies performance measures that the Office of Program Evaluation and  
 38 Government Accountability, the Government Oversight Committee and the joint standing  
 39 committee of the Legislature having jurisdiction over taxation matters must consider in

1 developing evaluation parameters to perform the review of the deductions provided under  
2 the amendment as required by the Maine Revised Statutes, Title 3, chapter 37.

3 **SPONSORED BY:** \_\_\_\_\_

4 **(Senator ROTUNDO, M.)**

5 **COUNTY: Androscoggin**