



127th MAINE LEGISLATURE

LD 1300

LR 1555(02)

An Act To Create and Sustain Jobs through Development of Cooperatives

Fiscal Note for Bill as Amended by Committee Amendment " "
Committee: Labor, Commerce, Research and Economic Development
Fiscal Note Required: Yes

Fiscal Note

Table with 5 columns: Category, FY 2015-16, FY 2016-17, Projections FY 2017-18, Projections FY 2018-19. Rows include Net Cost (Savings), Appropriations/Allocations, and Revenue.

Fiscal Detail and Notes

This legislation allows a business owner to subtract from taxable income the gain recognized when transferring a business to an employee stock ownership plan or eligible worker-owner cooperative and would reduce General Fund revenue by \$76,000 beginning in fiscal year 2016-17 and reduce Local Government Fund revenue by \$4,000 beginning in fiscal year 2016-17. The bill includes a one-time General Fund appropriation to the Department of Administrative and Financial Services of \$11,000 in fiscal year 2016-17 for computer programming charges.

This legislation allows costs to the Finance Authority of Maine to maintain, service and administer the Cooperative Development Grants Fund to be paid by the fund. Therefore, no General Fund appropriations to FAME are required. Additional costs to the Department of Agriculture, Conservation and Forestry (ACF), the Department of Labor, the Department of Economic and Community Development and the University of Maine System to identify and make best efforts to pursue federal sources of funding for the development of cooperatives and employee ownership can be absorbed within existing budgeted resources. Additional costs to ACF to ensure that ACF programs provide equal access to cooperative businesses and businesses seeking to convert to cooperative organization can be absorbed within existing budgeted resources.

The State Treasurer already has two programs that allow banks to pay the State rates on deposits that are 2% below market with the agreement that the banks will pass the lower interest rates on to certain borrowers. One is for commercial enterprises and one is for agricultural entities. Each is capped at \$4,000,000 for a total of \$8,000,000 in state deposits at reduced rates. This bill expands eligibility for the agricultural linked investment program to include agricultural enterprises organized as cooperatives. Expanding eligibility but keeping the same \$4,000,000 cap will not lose any additional revenue to the State.