



130th MAINE LEGISLATURE

LD 229

LR 435(05)

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

Fiscal Note for Bill as Engrossed with:

C "A" (S-138)

S "A" (S-388) to C "A" (S-138)

Committee: Taxation

Fiscal Note

Potential reduction in number of businesses that receive tax credit - Maine Seed Capital Tax Credit Program

| | FY 2021-22 | FY 2022-23 | Projections FY 2023-24 | Projections FY 2024-25 |
|-----------------------------|------------|------------|---------------------------|---------------------------|
| Net Cost (Savings) | | | | |
| General Fund | \$0 | \$0 | \$712,500 | \$712,500 |
| Revenue | | | | |
| General Fund | \$0 | \$0 | (\$712,500) | (\$712,500) |
| Other Special Revenue Funds | \$0 | \$0 | (\$37,500) | (\$37,500) |

Fiscal Detail and Notes

Providing that the annual \$2.0 million limitation on the amount of investments eligible for tax credits for any one business in any calendar year under the Maine Seed Capital Tax Credit Program, administered by the Finance Authority of Maine (FAME) does not apply to investments approved prior to April 1, 2020 may result in fewer eligible businesses receiving tax credits than would have received them absent this legislation. Under current law the total tax credits for the Maine Seed Capital Tax Credit Program that FAME may issue is \$15.0 million for calendar year 2020 through calendar year 2026 and is reduced to \$5.0 million annually beginning in calendar year 2027. This bill also changes the total tax credits that may be issued in calendar years 2021 and 2022 only from \$15,000,000 to \$13,500,000. This change eliminates the revenue loss that would have occurred in those two years.

The net impact of these changes is to annually reduce General Fund revenue by \$712,500 and Local Government Fund revenue by \$37,500 beginning in fiscal year 2023-24.