

STATE OF MAINE

IN THE YEAR OF OUR LORD  
TWO THOUSAND TWENTY-FIVE

S.P. 506 - L.D. 1217

**An Act Regarding the New Markets Tax Credit and the Maine New Markets  
Capital Investment Program**

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

**Sec. 1. 10 MRSA §1100-Z, sub-§3, ¶B-1** is enacted to read:

B-1. A qualified community development entity that is a Maine fund that seeks an allocation of tax credit authority shall submit an application to the authority on a form that the authority provides.

(1) In addition to the requirements specified in paragraph B, subparagraphs (1) and (4), the applicant shall include in the application evidence that the applicant is a qualified community development entity with its principal business operation in the State for at least 60 months.

(2) As used in this paragraph, "Maine fund" means a qualified community development entity as defined in Section 45D(c) of the United States Internal Revenue Code of 1986, as amended, that has its principal place of business in the State.

A Maine fund that meets the requirements of this paragraph is qualified as a community development entity.

**Sec. 2. 10 MRSA §1100-Z, sub-§3, ¶F**, as enacted by PL 2011, c. 380, Pt. Q, §1 and affected by §7, is amended to read:

F. Within 24 months with respect to program 1 tax credit authority and 12 months with respect to program 2 tax credit authority, after receipt of the notice of the allocation of tax credit authority, the qualified community development entity shall issue the qualified equity investments or long-term debt securities and receive cash in the amount of the total amount of tax credit authority that the qualified community development entity was allocated. The qualified community development entity shall provide the authority with evidence of the entity's receipt of the cash investment within 10 business days after receipt. If the qualified community development entity does not issue the qualified equity investment or long-term debt security and receive the cash purchase price within 24 months with respect to program 1 tax credit authority and 12

months with respect to program 2 tax credit authority following receipt of the tax credit authority notice for any portion of its allocation, such unused allocation of tax credit authority lapses and the qualified community development entity may not issue the qualified equity investments or long-term debt securities without reapplying to the authority for additional tax credit authority. Any tax credit authority that lapses reverts back to the authority and may be reissued only in accordance with the application process outlined in this section.

**Sec. 3. 10 MRSA §1100-Z, sub-§4**, as amended by PL 2011, c. 548, §5, is repealed and the following enacted in its place:

**4. Limit on amount of tax credits authorized.** Tax credits issued by the authority are limited as provided in this subsection.

A. With respect to program 1 tax credit authority, the maximum aggregate amount of qualified equity investments for which the authority may issue tax credit authority under this section is \$250,000,000; a tax credit claim may not exceed \$20,000,000 in any one state fiscal year over the 7 years of the tax credit allowance dates as described in Title 36, section 5219-HH, subsection 1, paragraph A.

B. With respect to program 2 tax credit authority, the maximum aggregate amount of qualified equity investments for which the authority may issue tax credit authority under this section is \$250,000,000; a tax credit claim may not exceed \$20,000,000 in any one state fiscal year over the 7 years of the tax credit allowance dates as described in Title 36, section 5219-HH, subsection 1, paragraph A.

**Sec. 4. 10 MRSA §1100-Z, sub-§6**, as enacted by PL 2011, c. 380, Pt. Q, §1 and affected by §7, is amended to read:

**6. Report.** The authority shall report no later than January 1, 2015 2030 with respect to program 2 tax credit authority to the joint standing committee of the Legislature having jurisdiction over appropriations and financial affairs and the joint standing committee of the Legislature having jurisdiction over taxation matters on the activities of the program, including, but not limited to, the amount of private investment received and the total number of jobs created or retained.

The report must include for the report period the number of employees in the State, the payroll for those employees and the annual spending on goods and services in the State for each ultimate recipient of the qualified equity investment.

**Sec. 5. 10 MRSA §1100-Z, sub-§7**, as enacted by PL 2011, c. 380, Pt. Q, §1 and affected by §7, is amended to read:

**7. Rules.** By December 30, 2011, the authority shall adopt rules necessary to implement this section. By December 31, 2025, the authority shall adopt rules necessary to implement this section with respect to program 2 tax credit authority. Rules adopted pursuant to this subsection are routine technical rules under Title 5, chapter 375, subchapter 2-A.

**Sec. 6. 36 MRSA §5219-HH, sub-§1, ¶E-1** is enacted to read:

E-1. "Program 1 tax credit authority" means tax credit authority allocated by the authority before January 1, 2026.

**Sec. 7. 36 MRSA §5219-HH, sub-§1, ¶E-2** is enacted to read:

E-2. "Program 2 tax credit authority" means tax credit authority allocated by the authority on or after January 1, 2026.

**Sec. 8. 36 MRSA §5219-HH, sub-§1, ¶H**, as enacted by PL 2011, c. 548, §33 and affected by §35, is repealed and the following enacted in its place:

H. "Qualified community development entity" means an entity that:

(1) Is a Maine fund, as defined in Title 10, section 1100-Z, subsection 3, paragraph B-1; or

(2) If not a Maine fund, is a qualified community development entity as defined in the Code, Section 45D(c), except that the entity must have entered into an allocation agreement with the Community Development Financial Institutions Fund of the United States Department of the Treasury with respect to credits authorized by the Code, Section 45D.

**Sec. 9. 36 MRSA §5219-HH, sub-§1, ¶I**, as enacted by PL 2011, c. 548, §33 and affected by §35, is amended by amending subparagraph (1) to read:

(1) Has at least 85% of its cash purchase price used by the issuer to make qualified low-income community investments in qualified active low-income community businesses located in the State by the 2nd anniversary of the initial credit allowance date for program 1 tax credit authority and the first anniversary of the initial credit allowance date for program 2 tax credit authority;

**Sec. 10. 36 MRSA §5219-HH, sub-§7, ¶C**, as enacted by PL 2011, c. 548, §33 and affected by §35, is amended to read:

C. The qualified community development entity fails to invest at least 85% of the purchase price of the qualified equity investment in qualified low-income community investments in qualified active low-income community businesses located in the State within 24 months of the issuance of the qualified equity investment with respect to program 1 tax credit authority and within 12 months of the issuance of the qualified equity investment with respect to program 2 tax credit authority and maintain this level of investment in qualified low-income community investments in qualified active low-income community businesses located in the State until the last credit allowance date for the qualified equity investment. For purposes of calculating the amount of qualified low-income community investments held by a qualified community development entity, an investment is considered held by the qualified community development entity even if the investment has been sold or repaid as long as the qualified community development entity reinvests an amount equal to the capital returned to or recovered from the original investment, exclusive of any profits realized, in another qualified active low-income community business in this State within 12 months of the receipt of the capital. A qualified community development entity may not be required to reinvest capital returned from qualified low-income community investments after the 6th anniversary of the issuance of the qualified equity investment, the proceeds of which were used to make the qualified low-income community investment, and the qualified low-income community investment is considered to be held by the issuer through the qualified equity investment's final credit allowance date.