

**Testimony by Joe Powers
Managing Director, Maine Venture Fund**

In Support of L.D. 125

***An Act to Increase the Total Amount of Credits Authorized Under the
Maine Seed Capital Tax Credit Program***

February 5, 2025

Joint Standing Committee on Taxation

Senator Grohoski, Representative Cloutier, and Distinguished Members of the Joint Standing Committee on Taxation:

My name is Joe Powers. I am the Managing Director of Maine Venture Fund. I live in Portland and am testifying in support of L.D. 125, *An Act to Increase the Total Amount of Credits Authorized Under the Maine Seed Capital Tax Credit Program*. I want to thank Senator Pierce for sponsoring the bill. The program has historically been a critical tool for Maine small business CEOs to stimulate investment into their companies, some of whom may be testifying in support of the bill today, as well.

For our part, Maine Venture Fund has been investing in small businesses in Maine for the past 27 years and has had a front row seat to both the popularity of this program for companies and the frustration and added challenge when the overall program cap was too low.

The proposed increase from \$5M to \$10M is key: FAME issued credits more than \$5M in each of the last two years. Before that, in the years when the limit was \$5M (2016-2019), company CEOs were found forming long lines during the eve of the program start date each year, huddling in the January cold as they queued up for the chance (but not guarantee) to claim a portion of the credits that were available. That “oversubscription” of the program at the \$5M level occurred several years in a row and ultimately dampened investment for the companies who lost out. Avoiding that same scenario after 2027 should be the state’s aim.

The credit itself reduces the risk of loss for investors and thus induces them to finance these companies at a rate greater than they otherwise would. This is important because Maine businesses face longer odds in attracting funding than in most other U.S. states, so this extra carrot, which is relatively inexpensive compared to other economic development programs, has been highly effective.

Thank you for your consideration of my comments and I hope you will vote to approve the bill.