



Testimony to the Joint Standing Committee on Taxation

In Support Of:

LD 125, An Act to Increase the Total Amount of Credits Authorized Under the Maine Seed Capital Tax Credit Program

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Submitted by:

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Dear Senator Grohoski, Representative Cloutier, and Members of the Taxation Committee:

My name is Nathaniel Henshaw and I am the President and CEO of CEI Ventures, Inc. CVI is a wholly owned subsidiary of Brunswick-based Coastal Enterprises, Inc. (CEI). I live in Freeport and with my colleagues am submitting testimony **to support** LD 125, An Act to Increase the Total Amount of Credits Authorized Under the Maine Seed Capital Tax Credit Program.

CEI is a nonprofit, community development financial institution (CDFI) founded in 1977 with a mission to grow good jobs, environmentally sustainable enterprises and shared prosperity in Maine and rural regions throughout the US. CEI integrates financing, business and industry expertise and policy solutions to build an economy that lifts all people. CEI provides loans, equity, and tax credit financing for businesses and projects helping to build quality jobs as part of Maine's economy.

CVI manages a series of socially responsible venture capital funds. CEI -- and CVI, specifically -- have a record of finding innovative entrepreneurs in promising industries, assessing business opportunity, and managing risk amidst changing social, economic, and environmental trends, and bringing in other investors along the way. For 30 years, CVI has successfully identified and cultivated growth-oriented businesses that create good jobs for people in rural towns and small cities across Maine and the Northeast. We finance and help to grow businesses that pay a living wage, offer basic benefits, and provide a fair and engaging workplace. Since its inception in 1994, CVI has raised six (6) funds with \$71 million combined, investing in over 70 companies, which have created over 3,500 net new jobs (2.6x growth compared to pre-investment numbers).

We appreciate this bill's effort to increase the Seed Capital Tax Credit (SCTC) Program. The SCTC efficiently and effectively achieves its intent to increase investment, jobs, and tax revenues; support small businesses and jobseekers as its intended beneficiaries; and implement Maine's economic development strategy. The Maine Economic Development Strategy (2020-2029) identifies the Seed Capital Tax Credit as a critical tool to foster business growth and innovation in designated industries. In



2021, the Office of Program Evaluation and Government Accountability (OPEGA) conducted a thorough review of the credit and submitted a comprehensive [report](#) with its findings. CVI submitted testimony to the Government Oversight Committee as part of this process.

Maine's Seed Capital Tax Credit provides significant benefits for Maine businesses and workers. The expansion of Maine's credit will enable entities like CEI and CVI to continue to invest in early-stage companies that are poised for growth, getting capital to precisely those companies that are its intended beneficiaries and not likely to receive investment without an incentive.

In summary, CEI-CVI support and urge the committee to [support LD 125](#). As concluded by OPEGA, this credit is a [critical business investment tool](#). There is not enough venture capital in the private market to support growth and innovation in catalytic ("gazelle") businesses. The proposed expansion of the credit allocation from \$5M to \$10M is a [sound move that will support Maine's economy](#). Thank you for considering our testimony. Please don't hesitate to contact me/us if you have any questions or need additional information or a small business perspective about the benefit and impact of the Seed Capital Tax Credit Program on Maine businesses and the investment community.