



**Testimony by William Norbert
Governmental Affairs and Communications Manager**

In Opposition to a Portion of Part B of L.D. 1857

***An Act to Expand Property Tax Relief for Veterans and Their Survivors and to Modify
Certain Corporate Tax Expenditures***

May 6, 2025

Joint Standing Committee on Taxation

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

My name is Bill Norbert. I am the Governmental Affairs and Communications Manager at the Finance Authority of Maine (FAME) and am testifying today in opposition to a portion of Part B of L.D. 1699, *An Act to Create a Refundable Tax Credit for Agricultural Enterprises*. We take no position on the other portions of the bill.

Part B of this bill would, among other things, reduce the value of the aggregate amount of tax credit certificates that FAME may authorize under the Maine Seed Capital Tax Credit Program for investments made in Calendar Year 2026 from \$15 million to \$10 million.

FAME has administered the Seed Capital Tax Credit Program since its creation by the Legislature in 1987-88. The credit is designed to encourage equity and near-equity investments in eligible Maine businesses, directly and through private venture capital funds. FAME may authorize state income tax credits or re-fundable tax credits to investors for 40 percent of the cash equity they provide to eligible Maine businesses. Investments may be used for fixed assets, research or working capital. Some of the Maine companies that have benefitted from the program include TimberHP in Madison; Tanbark Molded Fiber Products in Saco; Vertical Harvest in Westbrook; MedRhythms in Portland; bluShift Aerospace in Brunswick; Pumpspotting in Kittery; and Quoddy in Lewiston.

The *Maine Economic Development Strategy 2020-2029: A Focus on Talent and Innovation* ("Strategic Plan") issued by the Department of Economic and Community Development (DECD) referenced the Seed Capital Tax Credit Program as a tool to help promote innovation in the state. The Strategic Plan included a proposed action to increase

the annual program cap from \$5 million to \$15 million in order to assist startups and create new jobs in Maine.

As you may recall from your recent consideration of L.D. 125, *An Act to Increase the Total Amount of Credits Authorized Under the Maine Seed Capital Tax Credit Program*, the current annual aggregate tax credit certificate program limit of \$15 million is scheduled to decrease to \$5 million in 2027. Although it is difficult to predict with complete certainty, we expect significant interest and activity in the program in 2026 since businesses, investors, venture funds, and others realize it will be the final year (at least for now) for the \$15 million limit in allowable credits. We hope you will resist this effort to lower the maximum limit during the final year of the program's heightened credit level, regardless of the good intentions behind this bill—providing more property tax relief to our veterans and their survivors.

Thank you for your consideration of my comments and I would be happy to answer any questions.