

**STATE OF MAINE
DEPARTMENT OF ADMINISTRATIVE AND FINANCIAL SERVICES
MAINE REVENUE SERVICES
OFFICE OF TAX POLICY**

Date: February 5, 2025

To: The Joint Standing Committee on Taxation

Subject: LD 125 – “An Act to Increase the Total Amount of Credits Authorized Under the Maine Seed Capital Tax Credit Program”

Primary Sponsors: Senator Teresa S. Pierce

Estimated Revenue Impact: \$250,000 - \$600,000 initially, starting in fiscal year 2028, eventually growing to an annual cost of \$1.5 - \$4 million per year

Estimated Administrative Costs: The estimated administrative costs are nominal and can be absorbed within the current budgetary allotments.

Background:

For investments made beginning in calendar year 2027, this bill increases the maximum annual aggregate amount of tax credit certificates that may be issued by the Finance Authority of Maine (FAME) to investors under the Maine Seed Capital Tax Credit program from \$5,000,000 to \$10,000,000.

Under current Maine statute, FAME may issue a certificate to investors for up to 40% (50% for investments made in tax years beginning on or after January 1, 2014 but before April 1, 2020) of the cash equity the investor provides to eligible Maine businesses. Attached is a chart that shows the legislative changes to this credit from calendar year 2008 through 2027.

Between calendar year 2021 and calendar year 2023, the total annual tax credits certified by FAME averaged \$6.3 million.

cc (by email): Office of Fiscal & Program Review
Office of DAFS Commissioner
Office of the Attorney General
Office of Policy & Legal Analysis
Senator Teresa S. Pierce

State Budget Office
Office of the Governor
Office of the Revisor

Statutory Limit on Maine Seed Capital Tax Credits

<u>Calendar Year</u>	<u>Limit on Aggregate Value of Certificates</u>	<u>As a Percentage of Investment</u>
2008	\$30,000,000	40%
2009	\$30,000,000	40%
2010	\$30,000,000	40%
2011	\$30,000,000	40%
2012	\$30,000,000	40%
2013	\$30,000,000	40%
2014	\$675,000	50%
2015	\$4,000,000	50%
2016	\$5,000,000	50%
2017	\$5,000,000	50%
2018	\$5,000,000	50%
2019	\$5,000,000	50%
2020	\$15,000,000	50% (Jan.-Mar.) 40% (Apr.-Dec.)
2021	\$13,500,000	40%
2022	\$13,500,000	40%
2023	\$15,000,000	40%
2024	\$15,000,000	40%
2025	\$15,000,000	40%
2026	\$15,000,000	40%
2027	\$5,000,000	40%