**§5216-B. Seed capital investment tax credit**

**1. Definitions.**  As used in this section, unless the context indicates otherwise, the following terms have the following meanings.

A. "Certificate" means a tax credit certificate issued by the Finance Authority of Maine pursuant to Title 10, chapter 110, subchapter IX. [PL 1987, c. 854, §§4, 5 (NEW).]

B. "Investment" means an investment for which a certificate has been received. [PL 1987, c. 854, §§4, 5 (NEW).]

C. "Investor" means a taxpayer or private venture capital fund that has received a certificate. [PL 2011, c. 454, §14 (AMD).]

D. "Private venture capital fund” has the same meaning as under Title 10, section 1100‑T, subsection 1‑A. [PL 2011, c. 454, §15 (NEW).]

[PL 2011, c. 454, §§14, 15 (AMD).]

**2. Credit.**  An investor is entitled to a credit against the tax otherwise due under this Part equal to the amount of the tax credit certificate issued by the Finance Authority of Maine in accordance with Title 10, section 1100‑T and as limited by this section. Except with respect to tax credit certificates issued under Title 10, section 1100‑T, subsection 2‑C, in the case of partnerships, limited liability companies, S corporations, nontaxable trusts and any other entities that are treated as flow-through entities for tax purposes under the Code, the individual partners, members, stockholders, beneficiaries or equity owners of such entities must be treated as the investors under this section and are allowed a credit against the tax otherwise due from them under this Part in proportion to their respective interests in those partnerships, limited liability companies, S corporations, trusts or other flow-through entities. Except as limited or authorized by subsection 3 or 4, 25% of the credit must be taken in the taxable year in which the investment is made and 25% per year must be taken in each of the next 3 taxable years. With respect to tax credit certificates issued under Title 10, section 1100‑T, subsection 2‑C, the credits are refundable and the investor shall file a return requesting a refund for an investment for which it has received a tax credit certificate in the calendar year following the calendar year during which the investment was made.

[PL 2017, c. 170, Pt. E, §3 (AMD).]

**3. Limitation.**  With respect to tax credit certificates issued under Title 10, section 1100‑T, subsection 2 or 2‑A, the amount of the credit allowed under this section for any one taxable year may not exceed 50% of the tax imposed by this Part on the investor for the taxable year before application of the credit.

[PL 2011, c. 454, §17 (AMD).]

**4. Carry forward.**  Credits not taken because of the limitation in subsection 3 shall be taken in the next taxable year in which the credit may be taken, provided that the limitation of subsection 3 shall also apply to the carry-forward years. In no case may this carry-forward period exceed 15 years.

[PL 1987, c. 854, §§4, 5 (NEW).]

**5. Recapture.**  In the event that the Finance Authority of Maine revokes a certificate, there must be added to the tax imposed on the investor under this Part for the taxable year in which the revocation occurs an amount equal to the total amount of credit authorized and revoked minus the amount of credit not yet taken.

[PL 2011, c. 454, §18 (AMD).]

**6. Evaluation; specific public policy objective; performance measures.**  The credit provided under this section is subject to ongoing legislative review in accordance with Title 3, chapter 37. The Office of Program Evaluation and Government Accountability shall submit an evaluation of the credit provided under this section to the joint legislative committee established to oversee program evaluation and government accountability matters and the joint standing committee of the Legislature having jurisdiction over taxation matters. In developing evaluation parameters to perform the review, the office shall consider:

A. That the specific public policy objectives of the credit provided under this section are:

(1) To increase job opportunities for residents of the State in businesses that export products or services from the State;

(2) To increase private investment in small new and existing businesses, especially those that experience significant difficulty in the absence of investment incentives in obtaining equity financing to carry the businesses from start-up through initial development; and

(3) To increase municipal tax bases; and [PL 2019, c. 616, Pt. LL, §12 (NEW).]

B. Performance measures, including, but not limited to:

(1) The number and geographic distribution of full-time employees added or retained during a period being reviewed who would not have been added or retained in the absence of the credit;

(2) The amount of qualified investment in eligible businesses during the period being reviewed;

(3) The change in the number of businesses created or retained in the State as a result of the credit;

(4) Measures of fiscal impact and overall economic impact to the State; and

(5) The amount of the tax revenue loss for each year being reviewed divided by the number of jobs created or retained. [PL 2019, c. 616, Pt. LL, §12 (NEW).]

[PL 2019, c. 616, Pt. LL, §12 (NEW).]

SECTION HISTORY

PL 1987, c. 854, §§4,5 (NEW). PL 1999, c. 752, §4 (AMD). PL 2001, c. 446, §4 (AMD). PL 2001, c. 446, §6 (AFF). PL 2001, c. 642, §11 (AMD). PL 2001, c. 642, §12 (AFF). PL 2003, c. 20, §X6 (AMD). PL 2003, c. 451, §E8 (AMD). PL 2011, c. 454, §§14-18 (AMD). PL 2013, c. 438, §6 (AMD). PL 2015, c. 300, Pt. A, §41 (AMD). PL 2017, c. 170, Pt. E, §3 (AMD). PL 2019, c. 616, Pt. LL, §12 (AMD).

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