



131st MAINE LEGISLATURE

LD 1276

LR 1824(02)

An Act to Create and Sustain Jobs and Affordable Housing Through the Development of Cooperatives and Employee-owned Businesses

Fiscal Note for Bill as Amended by Committee Amendment " "

Committee: Taxation

Fiscal Note Required: Yes

Fiscal Note

	FY 2023-24	FY 2024-25	Projections FY 2025-26	Projections FY 2026-27
Net Cost (Savings)				
General Fund	\$0	\$512,500	\$465,500	\$484,500
Appropriations/Allocations				
General Fund	\$0	\$66,000	\$0	\$0
Federal Expenditures Fund	\$500	\$500	\$500	\$500
Revenue				
General Fund	\$0	(\$446,500)	(\$465,500)	(\$484,500)
Other Special Revenue Funds	\$0	(\$23,500)	(\$24,500)	(\$25,500)

Fiscal Detail and Notes

This bill provides income tax exemptions for tax years beginning on or after January 1, 2024, for capital gains and interest on loans associated with the transfer of business ownership to an employee stock ownership plan or a cooperative. The new exemptions will reduce tax revenue beginning in fiscal year 2024-25. General Fund revenue will decrease by \$446,500 and Local Government Fund revenue will decrease by \$23,500 in that year. The bill includes a one-time appropriation to the Department of Administrative Services, Bureau of Revenue Services of \$66,000 in fiscal year 2024-25 for computer programming costs to modify income tax returns to incorporate the new exemptions.

This bill includes ongoing Federal Expenditures Fund base allocations of \$500 per year beginning in fiscal year 2023-24 to the Business Development program within the Department of Economic and Community Development to authorize expenditures to contract with a nonprofit economic development organization with the required expertise to develop and manage the Maine Employee Ownership Center in the event federal funds are received for that purpose.

The responsibilities outlined in this bill are already reflected in statutorily assigned work for the Office of Program Evaluation and Government Accountability (OPEGA) in reviewing tax expenditures and will be absorbed within existing staff and budget resources.