

MAINE STATE LEGISLATURE

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R. of S.

L.D. 700

(Filing No. S-226)

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STATE OF MAINE
SENATE
116TH LEGISLATURE
FIRST REGULAR SESSION

COMMITTEE AMENDMENT "A" to S.P. 229, L.D. 700, Bill, "An Act to Develop and Expand Markets for Recycled Materials"

Amend the bill in section 1 in that part designated "§2526." in subsection 1 in paragraph D in the 5th line (page 2, line 1 in L.D.) by inserting after the following: "premiums" the following: 'that are included in the basis of the equipment for federal income tax purposes.'

Further amend the bill in section 1 in that part designated "§2526." in subsection 2 in the first paragraph in the last line (page 2, line 20 in L.D.) by inserting after the following: "credits" the following: 'for each qualifying piece of equipment'

Further amend the bill in section 1 in that part designated "§2526." in subsection 2 in paragraph C in the last 2 lines (page 2, lines 34 and 35 in L.D.) by striking out all of the following: "or from January 1, 1993 until the day prior to the effective date of the legislation"

Further amend the bill in section 1 in that part designated "§2526." by striking out all of subsection 6 and inserting in its place the following:

'6. Recapture. If a taxpayer disposes of equipment for which a credit was claimed less than 4 years after the equipment was placed into service for the first time in the State by the taxpayer or other person:

A. The tax imposed under this Part for the taxable year in which the disposition occurs is increased by the following amounts:

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2 (1) If the disposition occurs one year or less after
3 the equipment was placed into service for the first
4 time in the State by the taxpayer or other person, an
5 amount equal to 100% of the amount allowed as a credit
6 with respect to the equipment disposed of in the year
7 of disposition and all prior years;

8 (2) If the disposition occurs more than one year but
9 less than 2 years after the equipment was placed into
10 service for the first time in the State by the taxpayer
11 or other person, an amount equal to 75% of the amount
12 allowed as a credit with respect to the equipment
13 disposed of in the year of disposition and all prior
14 years;

15 (3) If the disposition occurs 2 years or more but less
16 than 3 years after the equipment was placed into
17 service for the first time in the State by the taxpayer
18 or other person, an amount equal to 50% of the amount
19 allowed as a credit with respect to the equipment
20 disposed of in the year of disposition and all prior
21 years; or

22 (4) If the disposition occurs 3 years or more but less
23 than 4 years after the equipment was placed into
24 service for the first time in the State by the taxpayer
25 or other person, an amount equal to 25% of the amount
26 allowed as a credit with respect to the equipment
27 disposed of in the year of disposition and all prior
28 years; and

29 B. A portion of any unused credit attributable to the
30 disposed of equipment is disallowed as follows:

31 (1) If the disposition occurs one year or less after
32 the equipment was placed into service for the first
33 time in the State by the taxpayer or other person, 100%
34 of any unused credit attributable to the equipment
35 disposed of is disallowed;

36 (2) If the disposition of the equipment occurs more
37 than one year but less than 2 years after the equipment
38 was placed into service for the first time in the State
39 by the taxpayer or other person, 75% of any unused
40 credit attributable to the equipment disposed of is
41 disallowed;

42 (3) If the disposition of the equipment occurs 2 years
43 or more but less than 3 years after the equipment was
44 placed into service for the first time in the State by
45 the taxpayer or other person, 50% of any unused credit
46 attributable to the equipment disposed of is disallowed;

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2 attributable to the equipment disposed of is
 3 disallowed; or

4 (4) If the disposition of the equipment occurs 3 years
 5 or more but less than 4 years after the equipment was
 6 placed into service for the first time in the State by
 7 the taxpayer or other person, 25% of any unused credit
 8 attributable to the equipment disposed of is disallowed.

10 This subsection does not apply to equipment that was acquired
 11 before October 1, 1993.'

12 Further amend the bill in section 2 in that part designated
 13 "§5219-D." in subsection 1 in paragraph D in the 5th line (page
 14 4, line 26 in L.D.) by inserting after the following: "premiums"
 15 the following: 'that are included in the basis of the equipment
 16 for federal income tax purposes.'

17 Further amend the bill in section 2 in that part designated
 18 "§5219-D." in subsection 2 in the first paragraph in the last
 19 line (page 4, line 45 in L.D.) by inserting after the following:
 20 "credits" the following: 'for each qualifying piece of equipment'

21 Further amend the bill in section 2 in that part designated
 22 "§5219-D." by striking out all of subsection 6 and inserting in
 23 its place the following:

24 '6. Recapture. If a taxpayer disposes of equipment for
 25 which a credit was claimed less than 4 years after the equipment
 26 was placed into service for the first time in the State by the
 27 taxpayer or other person:

28 A. The tax imposed under this Part for the taxable year in
 29 which the disposition occurs is increased by the following
 30 amounts:

31 (1) If the disposition occurs one year or less after
 32 the equipment was placed into service for the first
 33 time in the State by the taxpayer or other person, an
 34 amount equal to 100% of the amount allowed as a credit
 35 with respect to the equipment disposed of in the year
 36 of disposition and all prior years;

37 (2) If the disposition occurs more than one year but
 38 less than 2 years after the equipment was placed into
 39 service for the first time in the State by the taxpayer
 40 or other person, an amount equal to 75% of the amount
 41 allowed as a credit with respect to the equipment
 42 disposed of in the year of disposition and all prior
 43 years;

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2 (3) If the disposition occurs 2 years or more but less
4 than 3 years after the equipment was placed into
6 service for the first time in the State by the taxpayer
8 or other person, an amount equal to 50% of the amount
allowed as a credit with respect to the equipment
disposed of in the year of disposition and all prior
years; or

10 (4) If the disposition occurs 3 years or more but less
12 than 4 years after the equipment was placed into
14 service for the first time in the State by the taxpayer
16 or other person, an amount equal to 25% of the amount
allowed as a credit with respect to the equipment
disposed of in the year of disposition and all prior
years; and

18 B. A portion of any unused credit attributable to the
disposed of equipment is disallowed as follows:

20 (1) If the disposition occurs one year or less after
22 the equipment was placed into service for the first
24 time in the State by the taxpayer or other person, 100%
of any unused credit attributable to the equipment
disposed of is disallowed;

26 (2) If the disposition of the equipment occurs more
28 than one year but less than 2 years after the equipment
30 was placed into service for the first time in the State
32 by the taxpayer or other person, 75% of any unused
credit attributable to the equipment disposed of is
disallowed;

34 (3) If the disposition of the equipment occurs 2 years
36 or more but less than 3 years after the equipment was
38 placed into service for the first time in the State by
the taxpayer or other person, 50% of any unused credit
attributable to the equipment disposed of is
disallowed; or

40 (4) If the disposition of the equipment occurs 3 years
42 or more but less than 4 years after the equipment was
44 placed into service for the first time in the State by
the taxpayer or other person, 25% of any unused credit
attributable to the equipment disposed of is disallowed.

46 This subsection does not apply to equipment that was acquired
48 before October 1, 1993.'

50 Further amend the bill by inserting before the statement of
fact the following:

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'Sec. 3. Appropriation. The following funds are appropriated from the General Fund to carry out the purposes of this Act.

	1993-94	1994-95
ADMINISTRATIVE AND FINANCIAL SERVICES		
DEPARTMENT OF		
Bureau of Taxation		
Positions		(0.5)
Personal Services		\$17,786
All Other	\$10,000	4,308
Capital Expenditures		5,000
TOTAL	<u>\$10,000</u>	<u>\$27,094</u>

Provides for one Revenue Agent position and associated administrative costs for 6 months to perform on-site audits each year.

FISCAL NOTE

	1993-94	1994-95
APPROPRIATIONS/ALLOCATIONS		
General Fund	\$10,000	\$27,094

REVENUES

General Fund	\$10,000	\$27,094
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The Bureau of Taxation will require additional General Fund appropriations of \$10,000 in fiscal year 1993-94 and \$27,094 in fiscal year 1994-95 to administer the provisions of the Solid Waste Investment Tax Credit. These appropriations and the loss of revenue from the tax credit, up to \$300,000 annually, will be offset by additional General Fund revenues as a result of authorized transfers from the Solid Waste Management Fund.

The proposed budget of the Maine Solid Waste Management Agency includes sufficient funds to reimburse the General Fund for these costs. This estimate of the fiscal impact may need to be adjusted based on final legislative actions on the current services budget and the determination of General Fund versus dedicated funding for the agency.'

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STATEMENT OF FACT

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This amendment makes some technical change to the bill, adds a fiscal note and adds a recapture formula to the credit in those instances where equipment is disposed of within 4 years.

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Reported by Senator Carey for the Committee on Taxation.
Reproduced and Distributed Pursuant to Senate Rule 12.
(5/26/93) (Filing No. S-226)