

# MAINE STATE LEGISLATURE

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STATE OF MAINE  
SENATE  
106TH LEGISLATURE

SENATE AMENDMENT " B" to H. P. 1384, L. D. 1862, Bill, "AN ACT Reforming the Administration of the Property Tax and Replacing the Tax on Inventories with an Increased Corporate Income Tax."

Amend said Bill in section 2 in that part designated "§ 5056." by inserting at the end of paragraph B of subsection 1 before the period (same in L. D.) ', less the tax assessed under Title 36, section 455 with respect to <sup>certain personal</sup> / property'

Further amend said Bill in section 2 in that part designated "§ 5056." by striking out all of subsection 2 and inserting in place thereof the following:

'2. Reimbursement for revenue loss. The Treasurer of State shall reimburse each municipality on or before December 15th, annually, for any revenue loss due to personal property exempted under Title 36, section 655, subsection 1, paragraphs A, B, C and D.'

Further amend said Bill by inserting after section 4 the following:

'Sec. 4-A. R. S., T. 36, § 455, additional. Title 36 of the Revised Statutes is amended by adding a new section 455 to read as follows:

§ 455. Additional state property tax

Personal property otherwise exempt from taxation under section 655, subsection 1, paragraphs A, B, C and D shall be subject to tax commencing April 1, 1974 and continuing until April 1, 1976 for the tax year ending March 31, 1977 at the same rate as provided in section 451 applied to a 100% valuation.

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In municipalities the tax provided by this section shall be assessed by the municipal assessor and committed to the municipal tax collector. The tax so collected in each municipality shall be paid when collected to the treasurer thereof to be by him disbursed for necessary expenses of local government as determined or appropriated by the legislative body of such municipality for public welfare for which municipalities are themselves authorized to raise money by taxation.

In unorganized areas the tax provided by this section shall be assessed and collected by the State Tax Assessor.'

Further amend said Bill in section 21 by striking out everything after the amending clause and inserting in place thereof the following:

'§ 5200. Imposition and rate of tax

A tax is hereby imposed upon every "taxable corporation" as follows:

1. 5% of the Maine net income not over \$25,000, or \$1,250 plus 7% of the Maine net income over \$25,000.'

Further amend said Bill by inserting after section 22 the following:

'Sec. 22-A. R. S., T. 36, § 5205, amended. The last sentence of section 5205 of Title 36 of the Revised Statutes, as enacted by Section F of chapter 154 of the private and special laws of 1969, is amended to read as follows:

The tax is 4%<sup>5%</sup> of the taxable income not over \$25,000, or \$1,250 plus 7% of the taxable income over \$25,000, of the corporation or

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association for that taxable year under the laws of the United States, reduced by the amount of the tax payable by the corporation or association for the taxable year under chapter 817.'

Further amend said Bill by adding at the end before the Fiscal Note the following:

'Sec. 24. Effective date. Sections 21 and 22-A of this Act shall be effective 91 days after adjournment of the Legislature but shall apply only to Maine net income attributable on or after January 1, 1974.'

#### Fiscal Note

It is estimated that the loss in general property tax revenue to municipalities from the exemptions provided in this Act will amount to approximately \$15,000,000 a year. It is further estimated that the State tax to be levied for the 3-year period with respect to such property, the proceeds of which are to be retained by the local municipalities, will be approximately \$13,000,000 per year.

It is further estimated that the net increase in corporate income tax imposed by this Act will produce in excess of \$2,000,000 per year.

#### Statement of Fact

This amendment carries out the intent of the bill which exempts certain classes of personal property from the local municipal property tax.

The amendment provides for a state property tax, for a limited period of 3 years, on the classes of personal property which are newly exempted from the general property tax by section 13 of this bill.

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By use of this additional state property tax, immediate tax relief will be achieved in those municipalities whose effective property tax rate is in excess of the State property tax rate.

The state tax will be administered, and the proceeds retained, at the local level by the municipalities to offset, in part, any losses sustained by the municipalities. The amendment further provides that any losses in excess of the proceeds of this tax, or after the 3-year period, will be reimbursed to the municipalities by the State.

This amendment increases the corporate income tax to 5% on the first \$25,000 of corporate taxable income and 7% on corporate taxable income in excess of \$25,000.

(Tanons)

NAME:

COUNTY: Penobscot

Reproduced and distributed pursuant to Senate Rule No. 11 A.

July 2, 1973. (Filing No. S-279).