

# MAINE STATE LEGISLATURE

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(New Title)  
New Draft of H. P. 221, L. D. 294

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# ONE HUNDRED AND SIXTH LEGISLATURE

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**Legislative Document**

**No. 1920**

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H. P. 1492

House of Representatives, May 9, 1973

Reported by Mr. Dam from Committee on Taxation and printed under  
Joint Rules No. 18.

E. LOUISE LINCOLN, Clerk

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## STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED  
SEVENTY-THREE

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### **AN ACT Exempting New Machinery and Equipment used for Manufacturing and Research from Sales and Use Tax and Increasing the Corporate Income Tax Rate.**

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Be it enacted by the People of the State of Maine, as follows:

**Sec. 1. R. S., T. 36, § 1760, sub-§§ 31 and 32, additional.** Section 1760 of Title 36 of the Revised Statutes, as amended, is further amended by adding 2 new subsections, 31 and 32, to read as follows:

**31. New machinery and equipment.** Sales of new machinery and equipment for use by the purchaser directly and primarily in the production of tangible personal property, which property is intended to be sold ultimately for final use or consumption, by manufacturing, processing, assembling or fabricating.

**32. New machinery and equipment for research.** Sales of new machinery and equipment for use by the purchaser directly and exclusively in research and development in the experimental and laboratory sense. Such research and development shall not be deemed to include the ordinary testing or inspecting of materials or products for quality control, efficiency surveys, management studies, consumer surveys, advertising, promotions or research in connection with literary, historical or similar projects.

**Sec. 2. R. S., T. 36, § 5200, amended.** Section 5200 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:

**§ 5200. Imposition and rate of tax**

A tax is hereby imposed upon ~~the entire taxable income of~~ every "Taxable Corporation" as follows:

4% of the Maine net income ~~of the corporation not over \$25,000, or \$1,000~~ plus 6% of the Maine net income over \$25,000.

**Sec. 3. 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% of the taxable income **not over \$25,000, or \$1,000 plus 6% of the taxable income over \$25,000**, of the corporation or 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.

**Sec. 4. Effective date.** Section 1 of this Act shall be effective as to sales and purchases made after October 31, 1973, including sales and purchases made pursuant to contracts entered into prior thereto. Sections 2 and 3 of this Act shall be effective as to Maine net income attributable on or after July 1, 1973.

### FISCAL NOTE

The new draft would result in a loss of sales and use tax revenue with a compensating gain in corporate income tax revenue. Consequently, there would be no net loss of General Fund revenue resulting from the bill.

### STATEMENT OF FACT

The new draft would couple with the sales tax exemption provided for in the original L. D. (i.e., L. D. 294) an increase in corporate income tax with respect to corporations with Maine net income in excess of \$25,000, the latter intended to offset the revenue loss anticipated from the sales tax exemption.