

MAINE STATE LEGISLATURE

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STATE OF MAINE
HOUSE OF REPRESENTATIVES (Filing No. H-382)
108TH LEGISLATURE
FIRST REGULAR SESSION

HOUSE AMENDMENT " A " to H.P. 538, L.D. 653, Bill,
"AN ACT to Provide for Exemption of Farm Supplies from the
Sales Tax."

Amend the Bill by striking out everything after the
enacting clause and inserting in its place the following:

'36 MRSA §5127, as enacted by P&SL 1969, c. 154, §F,
is repealed and the following enacted in its place:

§5127. Income tax credits

1. Credit for tax paid to another jurisdiction.

A. A resident individual shall be allowed a credit
against the tax otherwise due under this Part for the
amount of any income tax imposed on him for the taxable
year by another state of the United States or a
political subdivision thereof or the District of
Columbia on income derived from sources therein and
which is also subject to tax under this Part.

B. The credit provided under this section shall not
exceed the proportion of the tax otherwise due under
this Part that the amount of the taxpayer's adjusted
gross income derived from sources in the other taxing
jurisdiction bears to his entire adjusted gross income
as modified by this Part.

2. Income tax credit for sales tax paid for depreciable machinery and equipment used in agricultural production. A resident shall be allowed a credit against the tax otherwise due under this Part of an amount equal to sales and use taxes paid for/that part of the following equipment for which depreciation is allowable under the Internal Revenue Code:

A. Machinery and equipment for use by the purchaser directly and primarily in agricultural production, including production of crops for human and animal consumption and production of livestock.

The credit shall not reduce the tax otherwise due to less than zero. Any part of the credit which is not used in the year of purchase may be carried over and used as a credit in subsequent years. Credits may not be carried over for longer than 7 years.'

Fiscal Note

This amendment reduces the cost of the bill to \$2 million.

Statement of Fact

The purpose of this amendment is to replace the sales tax credit with an income tax credit equal to the amount of sales taxes owed. This would help to insure that sales taxes are forgiven only on depreciable machinery and equipment used in agricultural production.

The State Tax Assessor already has authority to require

such facts and information to be reported as he deems necessary to enforce the provisions of this Part. The State Tax Assessor would therefore have the authority to require farmers to submit such invoices and depreciation schedules, etc., as he deems necessary.

Filed by Mrs. Post of Owls Head.

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