

MAINE STATE LEGISLATURE

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(Filing No. H-649)

STATE OF MAINE
HOUSE OF REPRESENTATIVES
108TH LEGISLATURE
FIRST REGULAR SESSION

COMMITTEE AMENDMENT "A" to H.P. 1405, L.D. 1614, Bill, "AN ACT to Provide for a Sales Tax Rebate for Machinery and Equipment used in Commercial Fishing."

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

Sec. 1. 36 MRSA §5102, sub-§§1-B and 1-C are enacted to read:

1-B. Commercial fishing. "Commercial fishing" means attempting to catch fish or any other marine animal with the intent of disposing of them for profit or by trade in commercial channels. The term does not include:

- A. Subsistence fishing for personal use;
- B. Sport fishing; or
- C. Charter boat fishing where the vessel is used for carrying sport fisher men to available fishing grounds.

1-C. Depreciable machinery and equipment used in commercial fishing. "Depreciable machinery and equipment used in commercial fishing" means that part of the following

equipment for which depreciation is allowable under the Internal Revenue Code: New or used watercraft used primarily for commercial fishing, nets, cables, tackle and related equipment necessary to the operation of the vessel for fishing purposes.

Sec. 2. 36 MRSA §5127, as enacted by P&SL 1969, c. 154, §F, is repealed and the following enacted in its place: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 machinery and equipment used primarily in commercial fishing. A resident shall be allowed a credit against the tax otherwise due under this Part of an amount equal to sales or use tax paid for the taxable year for depreciable machinery and equipment purchased and used in commercial fishing.

This 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 or the year of conversion to use in commercial fishing 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

Enactment of this bill will result in the following losses to the General Fund: \$225,000 in 1977-78 and \$290,000 in 1978-79. For budgetary purposes, 96% of the decrease in revenue would affect the General Fund and 4% the local government fund.

Statement of Fact
amendment

The purpose of this committee/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 used in commercial fishing.

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 fishermen to submit such invoices and depreciation schedules, etc., as he deems necessary. This committee amendment also adds the necessary fiscal note.

Reported by the Majority of the Committee on Taxation.

Reproduced and distributed under the direction of the Clerk of the House.

6/16/77

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