

MAINE STATE LEGISLATURE

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FIRST REGULAR SESSION

ONE HUNDRED AND TENTH LEGISLATURE

Legislative Document

No. 1385

H. P. 1164

House of Representatives, March 18, 1981

Referred to the Committee on Taxation. Sent up for concurrence and ordered printed.

EDWIN H. PERT, Clerk

Presented by Representative Post of Owl's Head.

Cosponsors: Senator Teague of Somerset, Representative McCollister of Canton and Representative Ingraham of Houlton.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED AND EIGHTY-ONE

AN ACT to Provide an Investment Tax Credit for Farmers and Fishermen.

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

Sec. 1. 36 MRSA § 5216 is enacted to read:

§ 5216. Investment tax credit for farmers and fishermen

1. Credit allowed. A taxpayer shall be allowed a credit to be computed as provided in this section against the tax imposed by this Part. The amount of the credit shall be 20% of the qualified federal credit.

2. Definitions. As used in this chapter, unless the context otherwise indicates, the following terms have the following meanings.

A. "Agricultural production" means commercial production of crops for human and animal consumption and production of livestock.

B. "Commercial fishing" means attempting to catch fish or any marine animal with the intent of disposing of them for profit or trade in commercial channels and does not include subsistence fishing for personal use, sport fishing or charter boat fishing where the vessel is used for carrying sport fishermen to available fishing grounds.

C. "Qualified federal credit" means, with respect to any taxable year, that portion of the credit allowed by the United States Internal Revenue Code, Section 38, which is directly and solely attributable only to property used in agricultural production or commercial fishing with a situs in this State and placed in service by the taxpayer after the effective date of this section.

3. Maximum credit. The maximum credit allowable to the taxpayer for any taxable year may not exceed 50% of the tax otherwise due by that taxpayer.

4. Carryover. If the amount of credit allowable under this chapter for any taxable year reduces the tax due to less than 50% of that amount which would have been due, any amount of credit not deductible in that taxable year may be carried over to the following year or years for a period not to exceed 7 years, including the year the credit was first taken, and may be deducted from the taxpayer's tax for such year or years, subject to the same limitations provided in this section.

5. Recapture. If during any taxable year any property is disposed of, or otherwise ceases to be property covered by subsection 2, paragraph C, with respect to the taxpayer, before the close of the useful life which was taken into account in computing the credit under subsection 1, then the tax under this Part for that taxable year shall be increased by an amount equal to the aggregate decrease in the credits allowed under subsection 1 for all prior taxable years which would have resulted solely from substituting, in determining qualified investment under the United States Internal Revenue Code, for that useful life the period beginning with the time the property was placed in service by the taxpayer and ending with the time the property ceased to be property covered by subsection 2, paragraph C.

Sec. 2. Effective date. This Act takes effect for any tax year beginning on or after January 1, 1982.

STATEMENT OF FACT

This bill would entitle Maine fishermen and farmers to a state investment tax credit equal to 20% of the federal credit, a tax write-off for investments in business property.