

MAINE STATE LEGISLATURE

The following document is provided by the
LAW AND LEGISLATIVE DIGITAL LIBRARY
at the Maine State Law and Legislative Reference Library
<http://legislature.maine.gov/lawlib>



Reproduced from scanned originals with text recognition applied
(searchable text may contain some errors and/or omissions)

1
2

3
4
5
6

7
8
9

10
11

12
13
14

15
16
17
18
19
20
21
22

23
24
25
26
27
28

29
30
31
32
33
34

35
36
37

L.D. 1398
(Filing No. H- 408)

STATE OF MAINE
HOUSE OF REPRESENTATIVES
111TH LEGISLATURE
FIRST REGULAR SESSION

COMMITTEE AMENDMENT "A" to H.P. 1054,
L.D. 1398, Bill, "AN ACT Providing for Administra-
tive Changes in Maine Tax Laws."

Amend the bill by striking out sections 1, 2 and
3 and inserting in their place the following:

'Sec.1. 36 MRSA §576-B, first ¶, as amended by
PL 1981, c. 706, §§5 and 6, is further amended to
read:

The percentage factor by which the growth rates
set by the State Tax Assessor pursuant to section 576
shall be reduced to reflect the growth which can be
extracted on a sustained basis shall be 10% for the
tax year 1982 and for the tax year 1983, and there-
after shall annually be set by the Legislature in the
year preceding the tax year in which the factor will
apply.'

Further amend the bill in section 5 in the last 2
lines (page 3, lines 15 and 16 in L.D.) by striking
out the words and punctuation "and shall be limited
to purchases made subsequent to July 1, 1978" and
inserting in their place the following: 'and shall be
limited to purchases made subsequent to July 1, 1978'

Further amend the bill in section 7 in that part
designated "§2621-A." subsection 2 in the 5th, 6th
and 7th lines (page 3, lines 34 to 36 in L.D.) by
striking out the underlined punctuation and words "all as reported by the railroad in its annual report to the Public Utilities Commission"

Further amend the bill in section 8 by striking
out the first sentence after the amending clause
(page 4, lines 3 to 10 in L.D.) and inserting in its

COMMITTEE AMENDMENT "A" to H.P. 1054, L.D. 1398

1 place the following:

2 'The amount of the annual excise tax on railroads
3 shall be ascertained as follows: The amount of the
4 gross transportation receipts as returned to the
5 Public Utilities Commission for the year ended on the
6 31st day of December preceding the levying of such
7 the tax shall be compared with the net railway oper-
8 ating income for that year as returned to the Public
9 Utilities Commission.'

10 Further amend the bill in section 8 in the first
11 paragraph in the 11th, 22nd and 25th lines (page 4,
12 lines 13, 24 and 27 in L.D.) by striking out the word
13 "such" (3 times) and inserting in its place the fol-
14 lowing: '~~such~~ the' (3 times)

15 Further amend the bill in section 9 in the 7th
16 line (page 5, line 7 in L.D.) by striking out the
17 words "Public Utilities Commission" and inserting in
18 their place the following: '~~Public Utilities Commis-~~
19 sion State Tax Assessor'

20 Further amend the bill by inserting after section
21 14 the following:

22 'Sec. 15. 36 MRSA §5102, sub-§1-B is enacted to
23 read:

24 1-B. Affiliated group. "Affiliated group" means
25 a group of 2 or more corporations in which more than
26 50% of the voting stock of each member corporation is
27 directly or indirectly owned by a common owner or
28 owners, either corporate or noncorporate, or by one
29 or more of the member corporations.

30 Sec. 16. 36 MRSA §5102, sub-§8, as repealed and
31 replaced by PL 1981, c. 704, §1, is amended to read:

32 8. Maine net income. "Maine net income" means,
33 for any taxable year for any corporate taxpayer, the
34 taxable income of that taxpayer for that taxable year

COMMITTEE AMENDMENT "A" to H.P. 1054, L.D. 1398

1 under the laws of the United States as modified by
2 sections 5200-A and 5202-B and allocated or appor-
3 tioned to this State under chapter 821. To the
4 extent that it derives from a unitary business car-
5 ried on by 2 or more members of an affiliated group,
6 the Maine net income of a corporation shall be deter-
7 mined by apportioning that part of the federal tax-
8 able income of the entire group which derives from
9 the unitary business.'

10 Further amend the bill by inserting after section
11 15 the following:

12 'Sec. 16. 36 MRSA §5102, sub-§10, as amended by
13 PL 1979, c. 541, Pt. A, §231, is further amended to
14 read:

15 10. Taxable corporation. "Taxable corporation"
16 means, for any taxable year, a corporation which, at
17 any time during that taxable year received any,
18 realized Maine net income allocable or apportionable
19 to this State under chapter 821. In the case of
20 affiliated corporations which are required to file
21 consolidated returns under section 5220, subsection
22 5, the group shall be deemed to be the taxable corpe-
23 ration.

24 Sec. 17. 36 MRSA §5102, sub-§10-A is enacted to
25 read:

26 10-A. Unitary business. "Unitary business"
27 means a business activity which is characterized by
28 unity of ownership, functional integration, centrali-
29 zation of management and economies of scale.'

30 Further amend the bill by adding after section 19
31 the following:

32 'Sec. 20. 36 MRSA §5127, sub-§1, as amended by
33 PL 1981, c. 411, §2, is repealed and the following
34 enacted in its place:

COMMITTEE AMENDMENT "A" to H.P. 1054, L.D. 1398

1 1. Income tax paid to other taxing jurisdic-
2 tion. A resident individual is allowed a credit
3 against the tax otherwise due under this Part for the
4 amount of income tax imposed on him for the taxable
5 year by another state of the United States, a polit-
6 ical subdivision thereof, the District of Columbia or
7 any political subdivision of a foreign country which
8 is analogous to a state of the United State with
9 respect to income derived from sources therein which
10 is also subject to tax under this Part. The credit,
11 for any of the specified taxing jurisdictions, shall
12 not exceed the proportion of the tax otherwise due
13 under this Part that the amount of the taxpayer's ad-
14 justed gross income derived from sources in that
15 taxing jurisdiction bears to his entire adjusted
16 gross income as modified by this Part; provided that,
17 when a credit is claimed for taxes paid to both a
18 state and a political subdivision thereof, the total
19 credit allowable for those taxes shall not exceed the
20 proportion of the tax otherwise due under this Part
21 that the amount of the taxpayer's adjusted gross
22 income derived from sources in that state bears to
23 his entire adjusted gross income as modified by this
24 Part.'

25 Further amend the bill by inserting after section
26 20 the following:

27 'Sec. 21. 36 MRSA §5220, sub-§5, as amended by
28 PL 1979, c. 541, Pt. B, §50, is repealed and the fol-
29 lowing enacted in its place:

30 5. Certain taxable corporations. Every taxable
31 corporation which is required to file a federal
32 income tax return. A taxable corporation which is
33 a member of an affiliated group and which is engaged
34 in a unitary business with one or more other members
35 of that affiliated group shall file a combined
36 report, containing such information as the State Tax
37 Assessor may designate by rule, for each such unitary
38 business. The State Tax Assessor may, in his discre-

COMMITTEE AMENDMENT "A" to H.P. 1054, L.D. 1398

1 tion, allow 2 or more taxable corporations which are
2 members of an affiliated group to file a consolidated
3 return.'

4 Further amend the bill by renumbering the sec-
5 tions to read consecutively.

6 STATEMENT OF FACT

7 This amendment removes some sections made unnec-
8 essary by legislation enacted earlier in this
9 session. It also removes some obsolete references to
10 the Public Utilities Commission and clarifies, for
11 income tax purposes, the treatment of unitary busi-
12 nesses and credits for taxes paid to other jurisdic-
13 tions.

14 4401060983

Reported by the Majority of the Committee on Taxation
Reproduced and distributed under the direction of the Clerk
of the House
6/20/83 (Filing No. H-408)