

H.P. 1352 House of Representatives, June 23, 1983 Reported by the Majority from the Committee on Taxation and printed under Joint Rule 2. Original bill presented by Representative Andrews of Portland. Cosponsored by Representative Kilcoyne of Gardiner, Senator Bustin of Kennebec and Representative Gauvreau of Lewiston. EDWIN H. PERT, Clerl STATE OF MAINE IN THE YEAR OF OUR LORD NINETEEN HUNDRED AND EIGHTY-THREE AN ACT to Reform the Corporate Income Tax and to Adjust the Cigarette Tax. Be it enacted by the People of the State of Maine as follows: Sec. 1. 36 MRSA §4365, as amended by PL 1979, c. 127, §198, is further amended to read: §4365. Rate of tax A tax is imposed on all cigarettes held in this	(New Draft of H.P. 1189, (New Title)	L.D. 1585)
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State by any person for sale, said tax to be at the	<u>§4365. Rate of tax</u>	
thereof to be evidenced by the affixing of stamps to the packages containing the cigarettes. Any increase	State by any person for sale, said rate of 8 10 mills for each cigare thereof to be evidenced by the af	tax to be at the tte and the payment fixing of stamps to

in tax authorized under this section shall terminate 1 2 when If a federal program similar to that provided in section 3185, becomes effective, this tax 3 Title 22, 4 is reduced by one mill for each cigarette. The Governor shall determine by proclamation when the federal 5 6 program has become effective. Any cigarette on which a tax has been paid, such payment being evidenced by the affixing of such stamp, shall not be subject to a 7 8 9 further tax under this chapter. Nothing contained in this chapter shall be construed to impose a tax on 10 any transaction, the taxation of which by this State 11 is prohibited by the Constitution of the United 12 13 States.

14 Each unclassified importer shall, within 24 hours after receipt of any unstamped cigarettes in this 15 16 State, notify the State Tax Assessor of the number of 17 cigarettes received, and the name and address of con-18 signor. The State Tax Assessor thereupon shall notify the unclassified importer of the amount of the 19 20 tax due thereon, which shall be at the rate of 8 10 21 mills per cigarette. Payment of the amount due the 22 State shall be made within 10 days from mailing date 23 of notice thereof.

24 Sec. 2. 36 MRSA §5200, as repealed and replaced 25 by PL 1981, c. 706, §39, is repealed and the follow-26 ing enacted in its place:

27 §5200. Imposition and rate of tax

28 29	<u>A tax is imposed upon the taxable corporations for eac</u>	
30	following rates:	
31	If the Maine net income is:	The tax is:
32	<u>Not over \$25,000</u>	<u>3.5%</u>
33 34	\$25,000 but not over \$75,000	<u>\$875 plus 7.93% of</u> excess over \$25,000
35 36	\$75,000 but not over \$250,000	\$4,840 plus 8.33% of excess over \$75,000
37 38	\$250,000 or more	\$19,417 plus 8.93% of excess over \$250,000

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1 Sec. 3. 36 MRSA §5206, sub-§1, as amended by PL 2 1981, c. 704, §6, is further amended to read:

3 Rate. 4-95% of taxable income plus 1-98% of the taxable income in excess of \$25,000, provided 4 5 that taxable The rates to be applied to taxable 6 income under this chapter shall be the same as those specified in section 5200. Taxable income, for pur-7 poses of this subsection, shall be reduced by the 8 9 amount of the corporation's or association's federal 10 new jobs credit for tax years beginning on or after 11 January 1, 1978; shall be reduced by the amount of 12 the corporation's or association's credit for invest-13 ment in the Maine Capital Corporation for tax years beginning on or after January 1, 14 1979; shall be 1982, by the increased, for the tax year ending in 15 16 amount of deductions allowed for that tax year to the 17 taxpayer as nominal lessor in a safe harbor lease pursuant to the United States Internal Revenue Code, 18 19 Section 168(f)(8), plus 18% of the remaining deductions allowed for that tax year under the United States Internal Revenue Code, Sections 167 and 168, 20 21 shall be decreased, for each of the tax years ending 22 23 in 1983 through 1985, by 6% of the deductions allowed 24 under the United States Internal Revenue Code, Sections 167 and 168 for the taxpayer's tax year ending 25 1982, excluding the amount of deductions allowed 26 in 27 for that tax year to the nominal lessor in a safe 28 lease pursuant to the United States Internal harbor Revenue Code, Section 168(f)(8); and is reduced by 29 30 the amount of the tax payable by the corporation or 31 association for the taxable year under chapter 817.

32 Sec. 4. Effective date. Section 1 of this Act 33 shall take effect October 1, 1983. Sections 2 and 3 34 of this Act shall apply to taxable years beginning on 35 or after January 1, 1983.

FISCAL NOTE

37 It is estimated that enactment of this new draft 38 will result in the following increase in General Fund 39 revenue:

 40
 1983-84
 1984-85

 41
 General Fund
 \$11,375,000
 \$12,875,000

36

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1 Local Government Fund 286,000 286,000

2	STATEMENT OF FACT
3	This new draft reforms the corporate income tax
4	by reducing the tax rate in the lowest bracket, and
5	increasing the rate for corporations with income
6	exceeding \$25,000. This reform will result in
7	reduced taxes for over 80% of Maine businesses which
8	file a corporate return.
9	This new draft also increases the cigarette tax
10	by 2 mills per cigarette, 4¢ per pack.
11	4629062283

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