

# MAINE STATE LEGISLATURE

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1 (New Draft of H.P. 359, L.D. 417)

2 FIRST REGULAR SESSION  
3

4 ONE HUNDRED AND ELEVENTH LEGISLATURE  
5

6 Legislative Document

No. 1788

7  
8 H.P. 1353

House of Representatives, June 23, 1983

9 Reported by the Majority from the Committee on Taxation and printed  
10 under Joint Rule 2.

11 Original bill presented by Representative Ingraham of Houlton.

Cosponsored by Representative Brown of Bethel.

EDWIN H. PERT, Clerk

12  
13 STATE OF MAINE  
14

15 IN THE YEAR OF OUR LORD  
16 NINETEEN HUNDRED AND EIGHTY-THREE  
17

18 AN ACT Providing for Conformity with  
19 the United States Internal Revenue Code.  
20

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

23 Sec. 1. 36 MRSA §5102, sub-§7-A is enacted to  
24 read:

25 7-A. Laws of the United States. "Laws of the  
26 United States" means the United States Internal Reve-  
27  nue Code of 1954, amendments thereto and other provi-  
28  sions of the laws of the United States relating to  
29  federal income taxes as of January 31, 1983. For tax-  
30  able years ending after 1983, "laws of the United  
31  States" means the United States Internal Revenue Code  
32  of 1954, amendments thereto and other provisions of  
33  the laws of the United States relating to federal  
34  income taxes as of December 31, 1980.

1           Sec. 2. 36 MRSA §5102, sub-§8, as repealed and  
2 replaced by PL 1981, c. 704, §1, is amended to read:

3           8. Maine net income. "Maine net income" means,  
4 for any taxable year for any corporate taxpayer, the  
5 taxable income of that taxpayer for that taxable year  
6 under the laws of the United States as modified by  
7 sections 5200-A and 5202-B and allocated or appor-  
8 tioned to this State under chapter 821.

9           Sec. 3. 36 MRSA §5102, sub-§11, as amended by PL  
10 1981, c. 704, §3, is repealed and the following  
11 enacted in its place:

12           11. Meanings of other terms. Any other terms  
13 used in this Part have the same meanings as when used  
14 in a comparable context in the laws of the United  
15 States.

16           Sec. 4. 36 MRSA §5122, sub-§1, ¶¶D and E, as  
17 enacted by PL 1981, c. 706, §35, are amended to read:

18           D. The amount of any net operating loss in the  
19 taxable year which has been carried back to pre-  
20 vious years pursuant to the United States  
21 Internal Revenue Code, Section 172; and

22           E. The amount of any deduction claimed for the  
23 taxable year under the United States Internal  
24 Revenue Code, Section 172 which has previously  
25 been used to offset the modifications provided by  
26 this subsection; and

27           Sec. 5. 36 MRSA §5122, sub-§1, ¶F is enacted to  
28 read:

29           F. For a taxable year ending in 1983, an amount  
30 equal to a percentage of the amount allowed as a  
31 deduction in determining federal adjusted gross  
32 income pursuant to the accelerated cost recovery  
33 system under the United States Internal Revenue  
34 Code, Section 168, for the taxable year. The  
35 percentage of the federal deduction to be added  
36 with respect to recovery property is: For 3-year  
37 property, 5%; for 5-year property, 15%; for  
38 10-year property, 25%; and for 15-year property,  
39 40%; provided that these adjustments shall not

1 apply to property for which the accelerated cost  
2 recovery system deduction is based on a straight  
3 line election in which the recovery period is  
4 equal to or greater than Asset Depreciation Range  
5 System class life for the same class of property  
6 on December 31, 1980.

7 Sec. 6. 36 MRSA §5200-A, sub-§1, ¶F is enacted  
8 to read:

9 F. For a taxable year ending in 1983, an amount  
10 computed by adding these adjustments. These ad-  
11 justments shall be amounts equal to a percentage  
12 of the amount allowed as a deduction in determin-  
13 ing federal taxable income pursuant to the accel-  
14 erated cost recovery system under the United  
15 States Internal Revenue Code, Section 168, for  
16 the federal taxable year. The percentage of the  
17 federal deduction to be added with respect to  
18 recovery property is: For 3-year property, 5%,  
19 for 5-year property, 15%; for 10-year property,  
20 25%; and for 15-year property, 40%; provided that  
21 these adjustments shall not apply to property for  
22 which the accelerated cost recovery system deduc-  
23 tion is based on a straight line election in  
24 which the recovery period is equal to or greater  
25 than the Asset Depreciation Range System class  
26 life for the same class of property on December  
27 31, 1980.

28 Sec. 7. 36 MRSA §5202-B, as enacted by PL 1981,  
29 c. 704, §5, is repealed.

30 Sec. 8. Effective date. This Act shall take  
31 effect for all taxable years ending on or after Janu-  
32 ary 1, 1983.

33 FISCAL NOTE

34		<u>1983-84</u>
35	General Fund	\$23,000

1 STATEMENT OF FACT

2 This new draft provides for conformity with the  
3 federal tax code as of January 31, 1983, and requires  
4 all taxpayers to add back a portion of accelerated  
5 cost recovery system depreciation deductions to avoid  
6 the loss of state revenue that would result without  
7 the add-back.

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