

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 (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. 1789

8 H.P. 1354

House of Representatives, June 23, 1983

9 Reported by the Minority 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 the
19 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 nuce 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1 Sec. 2. 36 MRSA §5102, sub-§8, as repealed and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10 1981, c. 704, §3, is repealed and the following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 §5200-A, sub-§1, ¶F is enacted
17 to read:

18 F. For a taxable year ending in 1983, Subchapter
19 S corporations excepted, an amount computed by
20 adding these adjustments. These adjustments
21 shall be amounts equal to a percentage of the
22 amount allowed as a deduction in determining fed-
23 eral taxable income pursuant to the accelerated
24 cost recovery system under the United States
25 Internal Revenue Code, Section 168, for the fed-
26 eral taxable year. The percentage of the federal
27 deduction to be added with respect to recovery
28 property is: Three-year property - 5%; 5-year
29 property - 15%; 10-year property - 25%; and
30 15-year property - 40%; provided that these ad-
31 justments shall not apply to property for which
32 the accelerated cost recovery system deduction is
33 based on a straight line election in which the
34 recovery period is equal to or greater than Asset
35 Depreciation Range System class life for the same
36 class of property on December 31, 1980.

37 Sec. 5. 36 MRSA §5202-B, as enacted by PL 1981,
38 c. 704, §5, is repealed.

39 Sec. 6. Effective date. This Act shall take
40 effect for all taxable years ending on or after Janu-
41 ary 1, 1983.

1
2
3
4
5
6
7
8
9
10
11
12

13

14
15
16
17
18
19
20
21
22
23

24

FISCAL NOTE

This bill would result in loss of revenue for fiscal year 1983-84 in the amounts of:

	<u>1983-84</u>
General Fund	\$1,195,000
Local Government Fund	\$50,500

This loss is a net result of recognizing federal tax code changes, except that the benefits provided to corporations, other than Subchapter S corporations, under the accelerated cost recovery system have been removed by the required percentage add-back.

STATEMENT OF FACT

This new draft provides for recognizing the federal tax code as of January 31, 1983, with the exception that corporations, other than Subchapter S corporations, are required to make an add-back to accelerated cost recovery system deductions. This treatment commences with taxable years ending in 1983 and is intended to eliminate the loss of revenue in fiscal year 1983-84 that would occur due to accelerated cost recovery system deductions, yet provide a simple record-keeping approach.

4641062283