

MAINE STATE LEGISLATURE

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SECOND REGULAR SESSION

ONE HUNDRED AND ELEVENTH LEGISLATURE

Legislative Document

No. 2178

H.P. 1653

House of Representatives, March 6, 1984

Submitted by the Joint Standing Committee on Education, as approved by Legislative Council on June 8, 1983.

Reported by Representative Locke from the Committee on Education by the Legislative Council the study relative to the report by NBHE: "Threat to Excellence". Printed under Joint Rule 19.

EDWIN H. PERT, Clerk

STATE OF MAINE

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

AN ACT to Provide a Corporate Tax
Credit for Donations of Technological
Equipment to Educational Institutions.

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

36 MRSA §5217 is enacted to read:

§5217. Tax credit for donations of technological equipment

1. Credit allowed. A taxable corporation shall be allowed a credit against the tax imposed by this Part for a qualified charitable contribution. The amount of the credit shall be equal to 25% of the fair market value of the qualified charitable contributions, not to exceed the basis in the property contributed and subject to the limitations of this section.

1 2. Definitions. For purposes of this section,
2 "qualified charitable contribution" means a charita-
3 ble contribution of property described in the United
4 States Internal Revenue Code of 1954, Section 1221,
5 paragraphs (1) and (2), except real property, but onl-
6 ly if all of the following conditions are met:

7 A. The contribution is to an educational organi-
8 zation which is described in the United States
9 Internal Revenue Code of 1954, Section 170, sub-
10 section (b) (1) (A) (ii);

11 B. The contribution is made not later than one
12 year after the date the construction of the prop-
13 erty is substantially completed;

14 C. The original use of the property is by the
15 donee;

16 D. The property is a computer, scientific equip-
17 ment or apparatus all of the use of which by the
18 donee is directly in the education of students in
19 this State;

20 E. The property is not transferred by the donee
21 in exchange for money, other property or ser-
22 vices;

23 F. The taxpayer receives from the governing body
24 of the donee a written statement representing
25 that its use and disposition of the property will
26 be in accordance with these provisions; and

27 G. The donation of the property has the approval
28 of the donee.

29 3. Time for donation. No credit under this sec-
30 tion may be taken by a taxable corporation making a
31 qualified charitable contribution before January 1,
32 1985, or after June 30, 1986.

33 4. Exclusivity of credit. The credit granted by
34 this section shall be in lieu of any deduction under
35 this Part to which the taxable corporation otherwise
36 may be entitled.

1 5. Carry forward provision. In the case of a
2 taxable corporation whose credits exceed its tax lia-
3 bility computed under this Part for the income years,
4 the taxable corporation shall be allowed a credit to
5 the extent of that tax liability. At the election of
6 the taxable corporation, the portion of the credit
7 which exceeds the taxes imposed by this Part may be
8 carried forward to the taxes imposed by this Part in
9 succeeding income years, with respect to which this
10 section shall remain in effect for purposes of carry-
11 ing forward excess credit, until the credit is used.
12 The credit shall be applied first to the earliest in-
13 come years possible.

14 6. Time for claiming credit on filings. The
15 credit shall be claimed on tax returns filed on or
16 after July 1, 1985.

17 STATEMENT OF FACT

18 The purpose of this bill is to grant a tax credit
19 to taxable corporations who donate scientific equip-
20 ment to Maine educational institutions, including el-
21 ementary and secondary schools, colleges and univer-
22 sities, and vocational technical institutes. The
23 credit is limited to 25% of the fair market value of
24 the equipment and the credit is available for only an
25 18-month period commencing January 1, 1985.

26 It is expected that the enactment of this measure
27 will prompt the donation of computers and other sci-
28 entific equipment useful to the education of stu-
29 dents. The school must verify that it will be used
30 only for that purpose. So as not to encourage "dump-
31 ing" of old inventory, the bill requires that the
32 equipment be unused and that it be less than one year
33 old from date of manufacture. The equipment must be
34 acceptable to the educational institution.

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