

1 2	SECOND REGULAR SESSION
3 4	ONE HUNDRED AND TWELFTH LEGISLATURE
5	Legislative Document No. 1764
7 8	H.P. 1254 Submitted by the Department of Finance and Administration pursuant to Joint Rule 24.
9	Received by the Clerk of the House on January 2, 1986. Referred to the Committee on Taxation and 1,600 ordered printed pursuant to Joint Rule 14.
10	EDWIN H. PERT, Clerk Presented by Representative Cashman of Old Town. Cosponsored by Representative Mayo of Thomaston, Representative Nelson of Portland and Senator Twitchell of Oxford.
12 13	STATE OF MAINE
14 15 16	IN THE YEAR OF OUR LORD NINETEEN HUNDRED AND EIGHTY-SIX
17 18 19	AN ACT to Limit Preferential Taxation within a Unitary Business.
20 21	Be it enacted by the People of the State of Maine as follows:
22 23 24	Sec. 1. 36 MRSA §5200, as repealed and replaced by PL 1983, c. 477, Pt. F, sub-pt. 3, §1, is amended by adding at the end a new paragraph to read:
25 26 27 28 29 30 31 32 33	In the case of an affiliated group of corpora- tions engaged in a unitary business, the respective preferential rates provided in this section shall be applied only to the first \$250,000 of Maine net in- come of the entire group and shall be apportioned equally among the taxable corporations unless those taxable corporations jointly elect a different appor- tionment. The balance of the Maine net income of the entire group shall be taxed at 8.93%.
34 35 36	Sec. 2. 36 MRSA §5220, sub-§5, as repealed and replaced by PL 1983, c. 571, §24, is repealed and the following enacted in its place:

1 5. Certain taxable corporations. Every taxable 2 corporation which is required to file a federal in-3 come tax return. A taxable corporation which is a 4 member of an affiliated group and which is engaged in 5 a unitary business with one or more other members of 6 that affiliated group shall file, in addition, a com-7 bined report, in accordance with section 5245. The State Tax Assessor may allow 2 or more taxable corpo-8 9 rations which are members of an affiliated group and 10 which are engaged in a unitary business to file a 11 single return on which the aggregate Maine income tax 12 liability of all those corporations is reported. 13 Sec. 3. 36 MRSA §5244 is enacted to read: 14 §5244. Combined report 15 The combined report required by section 5220, 16 subsection 5, shall include, both in the aggregate and by corporation, a list of the federal taxable in-17 18 come, the modifications provided by section 5200-A, 19 the property, payroll and sales in Maine and everywhere as defined in chapter 821 and the Maine net in-20 come of the unitary business. Neither the income nor 21 22 the property, payroll and sales of a member corporation which is not required to file a federal income 23 tax return may be included in the combined report. 24 25 Sec. 4. Effective date. This Act shall take ef-26 fect for tax years beginning on or after January 1, 27 1986. 28 FISCAL NOTE It is estimated that this bill will result in the 29

30 following effect on revenues:

31		1986-87	1987-88
32 33	General Fund Local Government Fund	\$94,900 5,100	\$94,900 5,100
34	Total	\$100,000	\$100,000

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1	STATEMENT OF FACT
2 3 4 5 6 7 8	This bill is intended to eliminate the possibili- ty for repetition, because of a multi-corporate structure, of the preferential income tax rates which generally are applicable only to the first \$250,000 of Maine net income of a single business. The bill also clarifies the reporting requirements of corpora- tions engaged in a unitary business.
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