

# MAINE STATE LEGISLATURE

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# 115th MAINE LEGISLATURE

## FIRST REGULAR SESSION-1991

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Legislative Document

No. 1056

S.P. 379

Received by the Secretary, March 8, 1991

Referred to the Committee on Taxation and 1400 ordered printed pursuant to Joint Rule 14.

A handwritten signature in cursive script that reads "Joy J. O'Brien".

JOY J. O'BRIEN  
Secretary of the Senate

Presented by Senator BRAWN of Knox  
Cosponsored by Senator COLLINS of Aroostook.

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STATE OF MAINE

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IN THE YEAR OF OUR LORD  
NINETEEN HUNDRED AND NINETY-ONE

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An Act to Establish Tax Credits for Capital Investment in Aircraft.

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Printed on recycled paper



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

2  
4       Sec. 1. 36 MRS §5219-G is enacted to read:

6       §5219-G. Aircraft investment tax credit

8       1. Definitions. As used in this section, unless the  
context otherwise indicates, the following terms have the  
following meanings.

10       A. "Aircraft" means aircraft that are purchased or leased  
12       by a person whose primary business is aircraft charter  
operations and that are used directly and primarily in that  
14       business.

16       B. "Investment credit base" means the total original basis,  
without adjustment, for federal income tax purposes, of the  
18       taxpayer of all aircraft placed in service for the first  
time in this State by the taxpayer or other person during  
20       any of the prior 3 taxable years, excluding the basis of  
aircraft placed in service in this State prior to January 1,  
22       1991. In the case of a combined report, the term investment  
credit base means the sum of the investment credit bases for  
24       all corporations included in the report.

26       C. "Primarily" has the same meaning as defined in section  
1752, subsection 9-A.

28       2. Credit allowed. A taxpayer is allowed a credit against  
30       the tax imposed by this Part for each taxable year equal to 2% of  
the investment credit base of the taxpayer. In the case of an  
32       affiliated group of corporations engaged in a unitary business,  
the credit must be applied against the total tax liability of all  
34       the taxable corporations in the affiliated group and apportioned  
among those taxable corporations in the same proportion as the  
36       tax liability of each taxable corporation bears to the total tax  
liability of all the taxable corporations.

38       3. Limitation. The credit allowed by subsection 2 for the  
40       taxable year, plus any credit carry-forward or carry-back to the  
taxable year allowed by subsection 5, may not exceed the tax  
42       liability of the taxpayer, or the total tax liability of all  
taxable corporations that are members of an affiliated group  
44       engaged in a unitary business, that does not exceed \$25,000 plus  
75% of tax liability that exceeds \$25,000. When the limitation  
46       provided in this subsection is exceeded, carry-forwards are  
applied first, credits under subsection 2 for the taxable year  
48       are applied 2nd and carry-backs are applied last. Carry-forwards  
from an earlier unused credit year are applied before  
50       carry-forwards from a later unused credit year and carry-backs  
from an earlier unused credit year are used before carry-backs  
52       from a later unused credit year.

2           4. Partnerships and S corporations. In the case of  
4           aircraft held by a partnership or an S corporation, the term  
6           "taxpayer" as used in this section means the partnership or S  
8           corporation. For the purposes of this section, a partner of a  
10          partnership has an investment credit base determined by  
12          multiplying the investment credit base of the partnership by the  
14          partner's percentage interest in the taxable income or loss of  
            the partnership for federal income tax purposes for the taxable  
            year and a shareholder of an S corporation has an investment  
            credit base determined by multiplying the investment credit base  
            of the S corporation by the shareholder's percentage share of the  
            stock of the S corporation as of the end of the taxable year.

16           5. Carry-forward and carry-back. If the sum of the amount  
18          of the credit allowed for any taxable year under subsection 2,  
20          plus the amount of any credit carry-forwards to the taxable year,  
22          exceeds the amount of the limitation imposed by subsection 3 for  
24          that taxable year, in this section referred to as the "unused  
26          credit year," that excess attributable to the credit allowed for  
28          the taxable year under subsection 2 may be carried back for no  
30          more than 3 taxable years and may be carried forward for no more  
            than 3 taxable years and, subject to the provisions of subsection  
            3, may be applied as a credit against the tax imposed by this  
            Part for the taxable year or years to which carried. The entire  
            amount of the unused credit must be carried to the earliest of  
            the taxable years to which, by reason of this subsection, the  
            credit may be carried and then to each of the other taxable years  
            to the extent the unused credit may not be used for a prior  
            taxable year due to the provisions of subsection 3.

32           **Sec. 2. Application.** This Act applies to taxable years  
34          beginning on or after January 1, 1991.

### 36   STATEMENT OF FACT

38           This bill provides an income tax credit for investment in  
            aircraft used primarily in a charter business.