

MAINE STATE LEGISLATURE

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L.D. 1979

(Filing No. S-466)

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STATE OF MAINE
SENATE
115TH LEGISLATURE
FIRST SPECIAL SESSION

SENATE AMENDMENT "B" to H.P. 1393, L.D. 1979, Bill, "An Act Providing Unified Appropriations and Allocations for the Expenditures of State Government, General Fund and Other Funds, and Changing Certain Provisions of the Law Necessary to the Proper Operations of State Government for the Fiscal Years Ending June 30, 1991, June 30, 1992 and June 30, 1993"

Amend the bill in Part N by striking out all of sections N-1 and N-2 and sections N-18 to N-24.

Further amend the bill by striking out all of Parts WW to DDD.

Further amend the bill by inserting before the emergency clause the following:

PART TTT

36 MRSA §5228, sub-§5, as amended by PL 1991, c. 9, Pt. DD, §§2 and 3, is repealed and the following enacted in its place:

5. Amount of installment. The amount of estimated tax to be paid in a taxable year by a taxpayer is to be paid in installments by the dates established in this Part. The amount of the estimated tax must be paid as follows.

A. The 4th and 6th month payments must each be an amount equal to 35% of the total estimated tax liability.

B. The 9th and 12th month payments must each be an amount equal to 15% of the total estimated tax liability.

C. The taxpayer is exempt from the amounts in paragraphs A and B if:

2 (1) The taxpayer establishes by adequate record the
 4 actual distribution of tax liability and allowable
 6 credits, or both. In this case, the amount of the
 8 installment payments should be adjusted accordingly and
 10 be determined in accordance with the portion of the
 taxpayer's estimated tax liability applicable to that
 portion of the taxpayer's taxable year completed by the
 close of the month preceding the installment's due date
 less estimated tax payments already made for the
 taxable year; or

12 (2) The taxpayer is a farmer or fisherman in which
 14 case a single installment is required.

16 A penalty accrues automatically on underpayments of the
 18 required installment amount for the period of underpayment
 at the rate provided pursuant to section 186. For cause, the
 State Tax Assessor may waive or abate all or any part of the
 penalty.

PART UUU

22 Sec. UUU-1. 36 MRSA §1760, sub-§9-D, as amended by PL 1989,
 24 c. 875, Pt. E, §47, is repealed.

26 Sec. UUU-2. 36 MRSA §1760, sub-§12-A, as enacted by PL 1989,
 28 c. 871, §11, is repealed.

30 Sec. UUU-3. 36 MRSA §1760, sub-§31, as amended by PL 1989, c.
 501, Pt. V, §§4 and 5, is repealed.

32 Sec. UUU-4. 36 MRSA §1760, sub-§74, as enacted by PL 1989, c.
 34 871, §15, is repealed.

36 Sec. UUU-5. 36 MRSA §1760-C is enacted to read:

§1760-C. Property used in production

38 Sales of tangible personal property, other than fuel or
 40 electricity, that becomes an ingredient or component part of, or
 42 that is consumed or destroyed or loses its identity directly and
 44 primarily in either the production of tangible personal property
 for later sale or lease, other than lease for use in this State,
 or the production of tangible personal property pursuant to a
 contract with the Federal Government or any agency of the Federal
 Government are subject to a 1.5% sales tax rate. Tangible
 personal property is "consumed or destroyed" or "loses its
 identity" in that production if it has a normal physical life
 expectancy of less than one year as a usable item in the use to
 50 which it is applied.

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Sec. UUU-6. 36 MRSA §1765, sub-§7, as amended by PL 1989, c. 533, §9, is repealed.

Sec. UUU-7. 36 MRSA §5102, sub-§6-A, as enacted by PL 1987, c. 841, §1, is repealed.

Sec. UUU-8. 36 MRSA §5102, sub-§8, as amended by PL 1987, c. 841, §2, is further amended to read:

8. Maine net income. "Maine net income" means, for any taxable year for any corporate taxpayer, the taxable income of that taxpayer for that taxable year under the laws of the United States as modified by section 5200-A and apportionable to this State under chapter 821. To the extent that it derives from a unitary business carried on by 2 or more members of an affiliated group, the Maine net income of a corporation shall--be is determined by apportioning that part of the federal taxable income of the entire group which that derives from the unitary business, ~~except income of an 80-20 corporation.~~

Sec. UUU-9. 36 MRSA §5200-A, sub-§2, ¶G, as amended by PL 1989, c. 880, Pt. G, §8, is repealed.

Sec. UUU-10. 36 MRSA §5219-E, as enacted by PL 1991, c. 377, §21, is repealed.'

FISCAL NOTE

This amendment eliminates those parts of the bill that raise new tax revenue amounting to \$288,900,000. It offsets this loss by eliminating certain tax exemptions amounting to new net General Fund revenue of \$290,100,000. Therefore, there is a net gain of \$1,200,000 to the General Fund as a result of this amendment.

STATEMENT OF FACT

This amendment eliminates the new tax revenue provisions of the budget and replaces that revenue with the following:

1. Acceleration of corporation income tax collections;
2. Elimination of the sales tax exemption on electricity used in manufacturing;
3. Elimination of the investment tax credit;

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SENATE AMENDMENT "B" to H.P. 1393, L.D. 1979

2 4. Elimination of the sales tax exemption on the value of
trade-in credits;

4 5. Elimination of the sales tax exemption on machinery,
equipment and repair parts;

6 6. Elimination of the sales tax exemption on packaging
8 materials;

10 7. Elimination of 30% of the sales tax exemption on
components used in manufacturing; and

12 8. Elimination of the income tax exemption for 80-20
14 corporations and foreign dividend exclusions.

16 Therefore, the amendment achieves a balanced budget without
raising new taxes.

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22 (Senator BOST)

SPONSORED BY:



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COUNTY: Penobscot

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