116th MAINE LEGISLATURE

FIRST REGULAR SESSION-1993

Legislative Document **No. 1377**

H.P. 1025 House of Representatives, April 30, 1993

An Act to Create an Investment Tax Credit to Encourage New Capital Investments by Maine Businesses.

Reference to the Committee on Taxation suggested and ordered printed.

JOSEPH W. MAYO, Clerk

Presented by Representative CLUKEY of Houlton.
Cosponsored by Representatives: BAILEY of Farmington, JOY of Island Falls, KNEELAND of Easton, QUINT of Paris, SIMONEAU of Thomaston, Senator: HALL of Piscataquis.

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

Sec. 1. 36 MRSA §5219-I is enacted to read:

§5219-I. One-time investment tax credit

1. Definition. For purposes of this section, "qualified machinery and equipment" means machinery and equipment of which no prior use has been made.

2. Credit allowed. A taxpayer is allowed a credit against the tax imposed by this Part in the amount of 20% of the total original basis for federal income tax purposes, without adjustment, of qualified machinery and equipment purchased by the taxpayer during the taxable year. The credit is allowed only for the taxable year in which the qualified property on which the credit is based is first claimed by the taxpayer for depreciation purposes under the Code, provided that the credit is earned only for taxable years beginning on or after January 1, 1993 but no later than December 31, 1993 and may only be claimed for taxable years beginning on or after January 1, 1994 but no later than December 31, 1994.

3. Adjustments. If property on which credit has been taken is disposed of or ceases to be in qualified use prior to the end of its useful life, the difference between the credit taken and the credit allowed for actual use is added back as additional tax due in the year of disposition but, if that property is disposed of or ceases to be in qualified use after it has been in qualified use for more than 12 consecutive years, it is not necessary to add back any portion of the credit. The amount of credit allowed for actual use is determined by multiplying the original credit by the ratio the months of qualified use bear to the months of useful life. For the purposes of this paragraph, "useful life of property" has the same meaning as that used for depreciation purposes when computing federal income tax liability.

STATEMENT OF FACT

This bill creates a one-time investment tax credit.