

MAINE STATE LEGISLATURE

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117th MAINE LEGISLATURE

FIRST REGULAR SESSION-1995

Legislative Document

No. 1365

S.P. 506

Received by the Secretary, April 14, 1995

**An Act to Promote Modernization and Job Training for Small and
Medium-sized Businesses in Maine.**

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

A handwritten signature in cursive script that reads "May M. Ross".

MAY M. ROSS
Secretary of the Senate

Presented by President BUTLAND of Cumberland.
Cosponsored by Senator: HARRIMAN of Cumberland, Representatives: MURPHY of
Berwick, REED of Falmouth, SPEAR of Nobleboro.

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

2
3 **Sec. 1. 36 MRSA §5219-E, sub-§§2 and 3**, as amended by PL 1991,
4 c. 591, Pt. N, §18 and affected by §19, are further amended to
5 read:

6
7 **2. Credit allowed.** A taxpayer is allowed a credit against
8 the tax imposed by this Part for each taxable year equal to ~~1.0%~~
9 0.8% of the investment credit base of the taxpayer. In the case
10 of an affiliated group of corporations engaged in a unitary
11 business, the credit is applied against the total tax liability
12 of all the taxable corporations in the affiliated group and
13 apportioned among those taxable corporations in the same
14 proportion as the tax liability of each taxable corporation bears
15 to the total tax liability of all the taxable corporations.

16
17 **3. Limitation.** The credit allowed by subsection 2 for the
18 taxable year, plus any credit carry-forward or carry-back to the
19 taxable year allowed by subsection 5, may not exceed so much of
20 the tax liability of the taxpayer, or the total tax liability of
21 all taxable corporations that are members of an affiliated group
22 engaged in a unitary business, for the taxable year, as does not
23 exceed ~~\$25,000~~ \$20,000 plus ~~75%~~ 60% of so much of the tax
24 liability for the taxable year as exceeds ~~\$25,000~~ \$20,000. When
25 the limitation provided in this subsection is exceeded,
26 carry-forwards are applied first and credits under subsection 2
27 for the taxable year are applied 2nd. Carry-forwards from an
28 earlier unused credit year are applied before carry-forwards from
29 a later unused credit year.

30
31 **Sec. 2. 36 MRSA §5219-K** is enacted to read:

32
33 **§5219-K. Training and equipment upgrading tax credit**

34
35 **1. Credit allowed.** A taxpayer is allowed a credit against
36 the tax imposed by this Part equal to 5% of the cost to the
37 taxpayer of any employee training programs and 5% of the cost to
38 the taxpayer of any machinery and equipment, as defined in
39 section 1752, subsection 7-B, acquired to replace or improve
40 machinery and equipment owned or operated by the taxpayer on or
41 after December 31, 1994.

42
43 **2. Limitation.** This credit is limited to any taxpayer with
44 fewer than 150 employees. In no case may this credit reduce the
45 state income tax to less than zero. Any unused credit as a
46 result of this limitation may be carried over to the following
47 year or years for a period not to exceed 5 years.

48
49 **3. Training.** For the purposes of this section, "training"
50 may include tuition, fees, books and supplies under an employer's
51 educational program. "Training" does not include payment for or
52 the provision of benefits with respect to a graduate level

2 course taken by an individual pursuing a program leading to a
3 law, business, medical or similar advanced academic or
4 professional degree. "Training" does not include tools or
5 supplies that the employee retains after completion of the course
6 or the cost of meals, lodging or transportation. Although the
7 courses covered need not be job-related, courses involving
8 sports, games or hobbies may be covered only if they involve the
9 employer's business.

10 **Sec. 3. Application.** This Act applies to any tax year
11 beginning on or after January 1, 1995.

12

14

STATEMENT OF FACT

16

This bill reduces the existing investment tax credit by 20%
17 and uses the savings to fund a new tax credit limited to
18 taxpayers with fewer than 150 employees that upgrade their
19 equipment and machinery and conduct employee training programs.

20

This bill also defines the term "training."

22