

MAINE STATE LEGISLATURE

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118th MAINE LEGISLATURE

FIRST REGULAR SESSION-1997

Legislative Document

No. 296

H.P. 232

House of Representatives, January 21, 1997

An Act to Eliminate the Net Operating Loss Deduction Carry-back.

Reference to the Committee on Taxation suggested and ordered printed.

A handwritten signature in cursive script that reads "Joseph W. Mayo".

JOSEPH W. MAYO, Clerk

Presented by Representative MORGAN of South Portland.
Cosponsored by Representatives: AHEARNE of Madawaska, BOLDUC of Auburn, JONES of Greenville, KERR of Old Orchard Beach, McKEE of Wayne, MUSE of South Portland,
Senator: RUHLIN of Penobscot.

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

2 **Sec. 1. 36 MRSA §5200-A, sub-§1, ¶H**, as amended by PL 1995, c.
4 641, §4 and affected by §7, is further amended to read:

6 H. The absolute value of the amount of any net operating
8 loss arising from any tax years--beginning--on--or--after
10 January--1,--1989--but--before--January--1,--1993 year that,
12 pursuant to the United States Internal Revenue Code, Section
14 172, is being carried back for federal income tax purposes
16 to the taxable year by the taxpayer; and

18 **Sec. 2. 36 MRSA §5200-A, sub-§2, ¶F**, as amended by PL 1989, c.
20 880, Pt. G, §7, is further amended to read:

22 F. Income this State is prohibited from taxing under the
24 Constitution of Maine or the United States Constitution,
26 provided that the amount subtracted must be decreased by any
28 expenses incurred in production of that income to the extent
30 that these expenses are deductible in determining federal
32 taxable income; and

34 **Sec. 3. 36 MRSA §5200-A, sub-§2, ¶G**, as amended by PL 1991, c.
36 548, Pt. A, §29, is further amended to read:

38 G. Fifty percent of the apportionable dividend income the
40 taxpayer received during the taxable year from an affiliated
42 corporation that is not included with the taxpayer in a
44 Maine combined report, except that this modification must be
46 phased in over 5 years in accordance with the following
48 schedule:

Taxable year beginning in:	Subtractable dividend income:
1989	10%
1990	20%
1991	30%
1992	40%
1993 or thereafter	50%+ <u>and.</u>

50 **Sec. 4. 36 MRSA §5200-A, sub-§2, ¶H**, as amended by PL 1995, c.
52 639, §20, is repealed.

SUMMARY

54 This bill repeals the allowance of net operating loss
56 carry-backs on Maine corporate income.