

# MAINE STATE LEGISLATURE

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# 118th MAINE LEGISLATURE

## FIRST REGULAR SESSION-1997

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Legislative Document

No. 876

S.P. 268

In Senate, February 6, 1997

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**An Act to Eliminate the Property Tax Rebate on Machinery and  
Equipment That Has Been in Service More Than 3 Years.**

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Reference to the Committee on Taxation suggested and ordered printed.

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

JOY J. O'BRIEN  
Secretary of the Senate

Presented by Senator MILLS of Somerset.

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

4 **Sec. 1. 36 MRSA §5219-E, sub-§1, ¶B,** as amended by PL 1995, c. 368, Pt. FFF, §1 and affected by §3, is further amended to read:

6 B. "Investment credit base" means the total original basis,  
8 without adjustment, for federal income tax purposes, of the  
10 taxpayer of all machinery and equipment placed in service  
12 for the first time in this State by the taxpayer or other  
14 person during any of the prior 5 taxable years, except in  
taxable years ending in 1995, the prior 6 taxable years,  
16 excluding the basis of machinery and equipment placed in  
service in this State prior to January 1, 1989 and after  
December 31, 1997. In the case of a combined report, the  
term investment credit base means the sum of the investment  
credit bases for all corporations included in the report.

18 If the taxpayer is reimbursed pursuant to chapter 915 for  
20 100% of the property taxes assessed during the taxable year  
against all of the machinery and equipment that constitutes  
22 eligible property as defined in section 6651, subsection 1,  
that machinery and equipment may not be included in the  
24 investment credit base for that taxable year. The term  
"taxable year" means the taxable year for income tax  
26 purposes of the taxpayer.

28 **Sec. 2. 36 MRSA §6651, sub-§1,** as enacted by PL 1995, c. 368,  
Pt. FFF, §2, is amended to read:

30 **1. Eligible property.** "Eligible property" means qualified  
32 business property first placed in service in the State, or  
constituting construction in progress in the State, after April  
1, 1995. "Eligible property" includes, without limitation,  
34 repair parts, replacement parts, additions, accessions and  
accessories to other qualified business property placed in  
36 service on or before April 1, 1995 if the part, addition,  
accession or accessory is first placed in service, or constitutes  
38 construction in progress, in the State after April 1, 1995.  
"Eligible property" also includes inventory parts. After  
40 reimbursement has been made for "eligible property" for 12 3  
42 years, that property is no longer "eligible property" under this  
chapter.

44 **SUMMARY**

46 This bill phases out the investment tax credit over 5 years  
48 beginning January 1, 1998 and reduces the time period of eligible

2 property from 12 years to 3 years in the property tax reimbursement program.