

# MAINE STATE LEGISLATURE

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# 119th MAINE LEGISLATURE

## FIRST REGULAR SESSION-1999

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Legislative Document

No. 841

H.P. 601

House of Representatives, January 28, 1999

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### **An Act to Exempt All Business Equipment from Property Tax.**

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Reference to the Committee on Taxation suggested and ordered printed.

A handwritten signature in black ink that reads "Joseph W. Mayo".

JOSEPH W. MAYO, Clerk

Presented by Representative KASPRZAK of Newport.  
Cosponsored by Senator CAREY of Kennebec and  
Representatives: BUCK of Yarmouth, JOY of Crystal, MACK of Standish, McKENNEY of  
Cumberland, PINKHAM of Lamoine, PLOWMAN of Hampden, STEDMAN of Hartland.

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

2  
3       **Sec. 1. 5 MRSA §13070-J, sub-§1, ¶D**, as enacted by PL 1997, c.  
4 761, §2, is amended to read:

6       D. "Economic development incentive" means:

8           (1) Assistance from Maine Quality Centers under Title  
10 20-A, chapter 431-A;

12           (2) The Governor's Training Initiative Program under  
14 Title 26, chapter 25, subchapter IV;

16           (3) Municipal tax increment financing under Title  
18 30-A, chapter 207;

20           (4) The jobs and investment tax credit under Title 36,  
22 section 5215;

24           (5) The research expense tax credit under Title 36,  
26 section 5219-K; or

28           ~~(6) Reimbursement for taxes paid on certain business  
30 property under Title 36, chapter 915; or~~

32           (7) Employment tax increment financing under Title 36,  
34 chapter 917.

36       **Sec. 2. 36 MRSA §655, sub-§1, ¶P**, as amended by PL 1997, c. 24,  
38 Pt. U, §1, is further amended to read:

40       P. All items of individually owned personal property with a  
42 just value of less than \$1,000, except:

44           (1) Items used for industrial or commercial purposes;  
46 and

48           (2) Vehicles and camp trailers as defined in section  
50 1481 not subject to an excise tax; and

52       **Sec. 3. 36 MRSA §655, sub-§1, ¶S**, as enacted by PL 1983, c.  
54 555, §1, is amended to read:

56       S. Mining property as provided in section 2854-; and

58       **Sec. 4. 36 MRSA §655, sub-§1, ¶T** is enacted to read:

60       T. All items of business property. For the purposes of  
this paragraph "business property" means tangible personal  
property that:

2           (1) Is used or held for use exclusively for a business  
4           purpose by the person in possession of it or, in the  
6           case of construction in progress or inventory parts, is  
              intended to be used exclusively for a business purpose  
              by the person who will possess that property; and

8           (2) Either:

10           (a) Is subject to an allowance for depreciation  
12           under the Code on April 1st of the property tax  
14           year or would have been subject to an allowance  
              for depreciation under the Code as of that date  
              but for the fact that the property has been fully  
              depreciated; or

16           (b) In the case of construction in progress or  
18           inventory parts, would be subject under the Code  
20           to an allowance for depreciation when placed in  
22           service or would have been subject to an allowance  
              for depreciation under the Code as of that date  
              but for the fact that the property has been fully  
              depreciated.

24           "Business property" includes all property that is affixed or  
26           attached to a building or other real estate if it is used to  
28           further a particular trade or business activity taking place  
30           in that building or on that real estate. "Business  
32           property" does not include components or attachments to a  
34           building if used primarily to serve the building as a  
36           building, regardless of the particular trade or activity  
              taking place in or on the building. "Business property"  
              also does not include land improvements if used primarily to  
              further the use of the land as land, regardless of the  
              particular trade or business activities taking place in or  
              on the land. In the case of construction in progress or  
              inventory parts, the term "used" means intended to be used.

38           **Sec. 5. 36 MRSA §5219-E, sub-§1, ¶B,** as amended by PL 1997, c.  
40           24, Pt. C, §11, is further amended to read:

42           B. "Investment credit base" means the total original basis,  
44           without adjustment, for federal income tax purposes, of the  
46           taxpayer of all machinery and equipment placed in service  
48           for the first time in this State by the taxpayer or other  
              person during any of the prior 5 taxable years, except in  
              taxable years ending in 1995, the prior 6 taxable years,  
              excluding the basis of machinery and equipment placed in  
              service in this State prior to January 1, 1989 and after

2 April 1, 1996. 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.

4  
6 ~~If the taxpayer is reimbursed pursuant to chapter 915 for  
100% of the property taxes assessed during the taxable year  
against all of the machinery and equipment that constitutes  
8 eligible property as defined in section 6651, subsection 1,  
that machinery and equipment may not be included in the  
10 investment credit base for that taxable year. The term  
"taxable year" means the taxable year for income tax  
12 purposes of the taxpayer.~~

14 **Sec. 6. 36 MRSA c. 915** is repealed.

16 **Sec. 7. Application.** This Act applies to property tax years  
beginning on or after April 1, 2000.

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### SUMMARY

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This bill provides a property tax exemption for all business  
property and repeals the program that reimburses taxpayers for  
24 property taxes paid on business property first placed in service  
after April 1, 1995.

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