



119th MAINE LEGISLATURE

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Legislative Document

No. 1064

S.P. 360

In Senate, February 9, 1999

An Act to Stimulate Job Creation and Investment in Maine by Amending the Income Tax Apportionment Formula.

Reference to the Committee on Taxation suggested and ordered printed.

Sun

JOY J. O'BRIEN Secretary of the Senate

Presented by Senator RUHLIN of Penobscot. Cosponsored by Representative CIANCHETTE of South Portland and Senators: CAREY of Kennebec, FERGUSON of Oxford, MacKINNON of York, Representatives: CAMERON of Rumford, LEMONT of Kittery, O'NEAL of Limestone, USHER of Westbrook.

Be it enacted by the People of the State of Maine as follows: 2 Sec. 1. 36 MRSA §5210, sub-§3, as enacted by PL 1981, c. 698, 4 §187, is repealed. Sec. 2. 36 MRSA §5211, sub-§8, as amended by PL 1991, c. 502, б \$1 and affected by \$2, is further amended to read: 8 Formula for apportionment of income to State. A11 8. income shall must be apportioned to this State by multiplying the 10 income by a fraction, the numerator of which is the -- property factor-plus-the-payroll-factor-plus-twice-the-sales-factor-and 12 the denominator of which is 4 the total sales of the taxpayer in 14 this State during the tax period, and the denominator of which is the total sales of the taxpayer everywhere during the tax period. 16 Sec. 3. 36 MRSA §5211, sub§§9 to 14, as enacted by P&SL 1969, 18 c. 154, §F, are repealed. 20 Sec. 4. 36 MRSA §5211, sub-§17, ¶¶B and C, as enacted by P&SL 1969, c. 154, §F, are amended to read: 22 The exclusion of any-one-of-more-of-the-fasters the в. 24 sales factor; 26 The inclusion or substitution of one or more additional с. factors which that will fairly represent the taxpayer's business activity in this State; or 28 Sec. 5. 36 MRSA §5244, as amended by PL 1997, c. 24, Pt. C, 30 §12 and affected by §16, is further amended to read: 32 §5244. Combined report 34 The combined report required by section 5220, subsection 5, must include, both in the aggregate and by corporation, a list of 36 the federal taxable income, the modifications provided by section 5200-A, the property -- payroll-and sales in Maine and everywhere 38 as defined in chapter 821 and the Maine net income of the unitary business. Neither the income nor the property,-payrell-and sales 40 of a corporation that is not required to file a federal income tax return may be included in the combined report. 42 44 **SUMMARY** 46 This bill changes the income tax formula for apportionment of income from a business activity that is taxable both in this 48 State and in another taxing jurisdiction. The bill eliminates the consideration of the property factor and the payroll factor 50

and bases apportionment solely on the proportion of sales by the 2 taxpayer in the State.