

MAINE STATE LEGISLATURE

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119th MAINE LEGISLATURE

FIRST REGULAR SESSION-1999

Legislative Document

No. 1734

S.P. 611

In Senate, March 9, 1999

**An Act to Offer Tax Credits for Certain Value-added Wood Products
Produced in Maine.**

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 LONGLEY of Waldo.

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

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4 **Sec. 1. 36 MRSA §198, sub-§4, ¶¶N and O**, as enacted by PL 1989, c. 508, §7, are amended to read:

6 N. Section 5219-A; and

8 O. Section 5219-B.; and

10 **Sec. 2. 36 MRSA §198, sub-§4, ¶P** is enacted to read:

12 P. Section 5219-O.

14 **Sec. 3. 36 MRSA §5219-Q** is enacted to read:

16 **§5219-O. Value-added wood products tax credit**

18 **1. Credit authorized.** A taxpayer engaged in the production of value-added wood products is entitled to a credit against the tax imposed by this Part for each taxable year equal to 5% of the value added to a wood product by the taxpayer. For the purposes of this section, "value-added wood product" means Maine-grown trees that are processed or changed in this State into a wood product that has more value than the unprocessed resource. For the purposes of this section, "value-added wood product" does not include firewood, logs, wood chips, wreath tips, Christmas trees, cut lumber, pulp or nonrecyclable paper. "Value added to a wood product" means the difference between the gross receipts to the taxpayer from the sale of the wood product and the cost to the taxpayer of the unprocessed resource.

32 **2. Limitation; carry-over.** A credit may not be used to reduce taxes below zero in any tax year starting before January 1, 2000. Any unused credit may be carried over to the following year or years for a period not to exceed 5 years.

36 **3. Affiliated groups.** If the taxpayer is a corporation that is part of an affiliated group of corporations eligible for the credit, the credit must be apportioned among the taxable corporations in the affiliated group in the same proportion that the tax liability of each taxable corporation in the affiliated group bears to the total tax liability of all the taxable corporations in the affiliated group.

44 **Sec. 4. Application date.** This Act applies to tax years
46 beginning on or after January 1, 2000.

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SUMMARY

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6 This bill gives an income tax credit to manufacturers of
value-added wood products equal to 5% of the value added to a
wood product by the taxpayer and adds the credit to the list of
8 tax expenditures that are periodically reviewed by the
Legislature.