

# MAINE STATE LEGISLATURE

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# 120th MAINE LEGISLATURE

## FIRST REGULAR SESSION-2001

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Legislative Document

No. 798

S.P. 233

In Senate, February 13, 2001

**An Act to Redefine Property Subject to the Business Equipment Tax  
Reimbursement Program to Include Only Property Used for  
Manufacturing and Research.**

(EMERGENCY)

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Reference to the Committee on Taxation suggested and ordered printed.

A handwritten signature in cursive script, reading "Joy J. O'Brien".

JOY J. O'BRIEN  
Secretary of the Senate

Presented by Senator MILLS of Somerset.

2           **Emergency preamble.** Whereas, Acts of the Legislature do not  
become effective until 90 days after adjournment unless enacted  
as emergencies; and

4  
6           **Whereas,** changes in the business equipment tax reimbursement  
program must take effect before April 1, 2001 in order to apply  
to the property tax year that begins on that date; and

8  
10           **Whereas,** in the judgment of the Legislature, these facts  
create an emergency within the meaning of the Constitution of  
Maine and require the following legislation as immediately  
12 necessary for the preservation of the public peace, health and  
safety; now, therefore,

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

16           **Sec. 1. 36 MRSA §6651, sub-§3,** as enacted by PL 1995, c. 368,  
18 Pt. FFF, §2, is amended to read:

20           **3. Qualified business property first placed in service on**  
22 **or before April 1, 2001.** "Qualified For property first placed in  
service on or before April 1, 2001, "qualified business property"  
means tangible personal property that:

24           A. Is used or held for use exclusively for a business  
26 purpose by the person in possession of it or, in the case of  
construction in progress or inventory parts, is intended to  
28 be used exclusively for a business purpose by the person who  
will possess that property; and

30           B. Either:

32           (1) Was subject to an allowance for depreciation under  
34 the Code on April 1st of the property tax year to which  
the claim for reimbursement relates or would have been  
36 subject to an allowance for depreciation under the Code  
as of that date but for the fact that the property has  
38 been fully depreciated; or

40           (2) In the case of construction in progress or  
42 inventory parts, would be subject under the Code to an  
allowance for depreciation when placed in service or  
44 would have been subject to an allowance for  
depreciation under the Code as of that date but for the  
46 fact that the property has been fully depreciated.

48           "Qualified business property" also includes all property that is  
affixed or attached to a building or other real estate if it is  
used to further a particular trade or business activity taking

2 place in that building or on that real estate. "Qualified  
3 business property" does not include components or attachments to  
4 a building if used primarily to serve the building as a building,  
5 regardless of the particular trade or activity taking place in or  
6 on the building. "Qualified business property" also does not  
7 include land improvements if used primarily to further the use of  
8 the land as land, regardless of the particular trade or business  
9 activities taking place in or on the land. In the case of  
10 construction in progress or inventory parts, the term "used"  
11 means intended to be used.

12 **Sec. 2. 36 MRSA §6651, sub-§4** is enacted to read:

13 **4. Qualified business property first placed in service**  
14 **after April 1, 2001.** For property first placed in service after  
15 **April 1, 2001, "qualified business property" means tangible**  
16 **personal property that meets the qualifications of subsection 3,**  
17 **paragraphs A and B and that:**

18  
19 **A. Is part of a manufacturing facility as defined in**  
20 **section 1752, subsection 6-A; or**

21  
22 **B. Is machinery and equipment for research as described in**  
23 **section 1760, subsection 32.**

24  
25 **"Qualified business property" also includes all property**  
26 **described in paragraphs A and B that is affixed or attached to a**  
27 **building or other real estate if it is used to further a**  
28 **particular trade or business activity taking place in that**  
29 **building or on that real estate. "Qualified business property"**  
30 **does not include components or attachments to a building if used**  
31 **primarily to serve the building as a building, regardless of the**  
32 **particular trade or activity taking place in or on the building.**  
33 **"Qualified business property" also does not include land**  
34 **improvements if used primarily to further the use of the land as**  
35 **land, regardless of the particular trade or business activities**  
36 **taking place in or on the land. In the case of construction in**  
37 **progress or inventory parts, the term "used" means intended to be**  
38 **used.**

39  
40 **Emergency clause.** In view of the emergency cited in the  
41 preamble, this Act takes effect when approved.

42  
43

#### 44 **SUMMARY**

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46 This bill amends the law relating to reimbursement for taxes  
47 paid on certain business property to restrict reimbursement for  
48 tangible personal property to property that is part of a  
49 manufacturing facility or is machinery and equipment for  
50

2 research. The bill applies to property first placed in service after April 1, 2001.