

# MAINE STATE LEGISLATURE

The following document is provided by the  
**LAW AND LEGISLATIVE DIGITAL LIBRARY**  
at the Maine State Law and Legislative Reference Library  
<http://legislature.maine.gov/lawlib>



Reproduced from scanned originals with text recognition applied  
(searchable text may contain some errors and/or omissions)



# 121st MAINE LEGISLATURE

## FIRST REGULAR SESSION-2003

---

Legislative Document

No. 1633

S.P. 589

In Senate, June 9, 2003

### **An Act Regarding Conformity with the Federal Jobs and Growth Tax Relief Reconciliation Act of 2003**

---

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 STANLEY of Penobscot. (GOVERNOR'S BILL)  
Cosponsored by Representative LEMOINE of Old Orchard Beach.

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

2           **Sec. 1. 36 MRSA §111, sub-§1-A**, as amended by PL 2003, c. 255,  
4 §1 and affected by §2, is further amended to read:

6           **1-A. Code.** "Code" means the United States Internal Revenue  
Code of 1986 and amendments to that Code as of ~~December 31, 2002~~  
8 May 28, 2003.

10           **Sec. 2. 36 MRSA §5122, sub-§1, ¶N**, as amended by PL 2001, c.  
714, Pt. AA, §2, is repealed and the following enacted in its  
12 place:

14           N. With respect to property placed in service during the  
taxable year, an amount equal to the net increase in  
16 depreciation or expensing attributable to:

18                   (1) For taxable years beginning on or after January 1,  
2002 but prior to January 1, 2005, a 30% bonus  
20 depreciation deduction claimed by the taxpayer pursuant  
to Section 101 of the federal Job Creation and Worker  
22 Assistance Act of 2002, Public Law 107-147 with respect  
to property placed in service during the taxable year;

24                   (2) For taxable years beginning on or after January 1,  
2002 but prior to January 1, 2006, a 50% bonus  
26 depreciation deduction claimed by the taxpayer pursuant  
to Section 201 of the federal Jobs and Growth Tax  
28 Relief Reconciliation Act of 2003, Public Law 108-27  
30 with respect to property placed in service during the  
taxable year; or

32                   (3) For taxable years beginning on or after January 1,  
2003 but prior to January 1, 2006, the increase in  
34 aggregate cost claimed under Section 179 of the Code  
pursuant to Section 202 of the federal Jobs and Growth  
36 Tax Relief Reconciliation Act of 2003, Public Law  
38 108-27;

40           **Sec. 3. 36 MRSA §5122, sub-§2, ¶Q**, as repealed and replaced by  
PL 2003, c. 20, Pt. EE, §1, is repealed and the following enacted  
42 in its place:

44           Q. A fraction of any amount previously added back by the  
taxpayer to federal adjusted gross income pursuant to  
46 subsection 1, paragraph N.

48                   (1) With respect to property first placed in service  
during taxable years beginning in 2002, the adjustment  
50 under this paragraph is available for each year during

2           the recovery period, beginning 2 years after the  
3           beginning of the taxable year during which the property  
4           was first placed in service. The fraction is equal to  
5           the amount added back under subsection 1, paragraph N  
6           with respect to the property, divided by the number of  
7           years in the recovery period minus 2.

8           (2) With respect to all other property, for the  
9           taxable year immediately following the taxable year  
10           during which the property was first placed in service,  
11           the fraction allowed by this paragraph is equal to 5%  
12           of the amount added back under subsection 1, paragraph  
13           N with respect to the property. For each subsequent  
14           taxable year during the recovery period, the fraction  
15           is equal to 95% of the amount added back under  
16           subsection 1, paragraph N with respect to the property,  
17           divided by the number of years in the recovery period  
18           minus 2.

19           In the case of property expensed pursuant to Section 179 of  
20           the Code, the term "recovery period" means the recovery  
21           period that would have been applicable to the property had  
22           Section 179 not been applied.

23           **Sec. 4. 36 MRS §5124-A**, as repealed and replaced by PL 2003,  
24           c. 20, Pt. HH, §1, is amended to read:

25           **§5124-A. Standard deduction; resident**

26           The standard deduction of a resident individual is equal to  
27           the standard deduction as determined in accordance with the Code,  
28           Section 63, except that for tax years beginning in 2003, 2004 and  
29           2005, the Code, Section 63(c)(2) must be applied as if the basic  
30           standard deduction is \$5,000 in the case of a joint return and a  
31           surviving spouse and \$2,500 in the case of a married individual  
32           filing a separate return.

33           **Sec. 5. 36 MRS §5200-A, sub-§1, ¶N**, as amended by PL 2001, c.  
34           714, Pt. AA, §5, is repealed and the following enacted in its  
35           place:

36           N. With respect to property placed in service during the  
37           taxable year, an amount equal to the net increase in  
38           depreciation or expensing attributable to:

39           (1) For taxable years beginning on or after January 1,  
40           2002 but prior to January 1, 2005, a 30% bonus  
41           depreciation deduction claimed by the taxpayer pursuant  
42           to Section 101 of the federal Job Creation and Worker

2 Assistance Act of 2002, Public Law 107-147 with respect  
3 to property placed in service during the taxable year;

4 (2) For taxable years beginning on or after January 1,  
5 2002 but prior to January 1, 2006, a 50% bonus  
6 depreciation deduction claimed by the taxpayer pursuant  
7 to Section 201 of the federal Jobs and Growth Tax  
8 Relief Reconciliation Act of 2003, Public Law 108-27  
9 with respect to property placed in service during the  
10 taxable year; or

11 (3) For taxable years beginning on or after January 1,  
12 2003 but prior to January 1, 2006, the increase in  
13 aggregate cost claimed under Section 179 of the Code  
14 pursuant to Section 202 of the federal Jobs and Growth  
15 Tax Relief Reconciliation Act of 2003, Public Law  
16 108-27;

17 **Sec. 6. 36 MRS.A §5200-A, sub-§2, ¶M,** as repealed and replaced  
18 by PL 2003, c. 20, Pt. EE, §4, is repealed and the following  
19 enacted in its place:

20 M. A fraction of any amount previously added back by the  
21 taxpayer to federal taxable income pursuant to subsection 1,  
22 paragraph N.

23 (1) With respect to property first placed in service  
24 during taxable years beginning in 2002, the adjustment  
25 under this paragraph is available for each year during  
26 the recovery period, beginning 2 years after the  
27 beginning of the taxable year during which the property  
28 was first placed in service. The fraction is equal to  
29 the amount added back under subsection 1, paragraph N  
30 with respect to the property, divided by the number of  
31 years in the recovery period minus 2.

32 (2) With respect to all other property, for the  
33 taxable year immediately following the taxable year  
34 during which the property was first placed in service,  
35 the fraction allowed by this paragraph is equal to 5%  
36 of the amount added back under subsection 1, paragraph  
37 N with respect to the property. For each subsequent  
38 taxable year during the recovery period, the fraction  
39 is equal to 95% of the amount added back under  
40 subsection 1, paragraph N with respect to the property,  
41 divided by the number of years in the recovery period  
42 minus 2.

43 In the case of property expensed pursuant to Section 179 of  
44 the Code, the term "recovery period" means the recovery  
45 period.

2 period that would have been applicable to the property had  
3 Section 179 not been applied.

4 **Sec. 7. 36 MRSA §5203-A, sub-§1, ¶C**, as enacted by PL 1991, c.  
5 528, Pt. N, §15 and affected by §17 and enacted by c. 591, Pt. N,  
6 §15 and affected by §17, is amended to read:

8 C. "Federal tentative minimum tax" means tentative minimum  
9 tax as determined pursuant to the Code, Section 55 excluding  
10 the alternative minimum tax foreign tax credit and, for tax  
11 years beginning in 2003 and 2004, excluding any increase in  
12 the individual's claimed exemption amount attributable to  
13 Section 106 of the federal Jobs and Growth Tax Relief  
14 Reconciliation Act of 2003, Public Law 108-27.

16 **Sec. 8. Application.** That section of this Act that amends the  
17 Maine Revised Statutes, Title 36, section 111, subsection 1-A  
18 applies to tax years beginning on or after January 1, 2003 and to  
19 any prior years as specifically provided by the United States  
20 Internal Revenue Code.

22  
23 **SUMMARY**

24 This bill provides that the State's income tax laws do not  
25 conform to certain significant federal income tax law changes  
26 made by the federal Jobs and Growth Tax Relief Reconciliation Act  
27 of 2003, Public Law 108-27.  
28