

MAINE STATE LEGISLATURE

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RES

L.D. 632

DATE: 5/31/5

(Filing No. H-586)

TAXATION

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STATE OF MAINE
HOUSE OF REPRESENTATIVES
122ND LEGISLATURE
FIRST SPECIAL SESSION

COMMITTEE AMENDMENT "A" to H.P. 465, L.D. 632, Bill, "An Act To Lower the Tax Burden for Small Businesses"

Amend the bill by striking out the title and substituting the following:

'An Act To Lower the Tax Burden for Small Businesses and Low-income Families'

Further amend the bill by striking out everything after the enacting clause and before the summary and inserting in its place the following:

'Sec. 1. 36 MRSA §5122, sub-§1, ¶N, as amended by PL 2005, c. 12, Pt. P, §2, is further amended to read:

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

(1) For taxable years beginning on or after January 1, 2002 but prior to January 1, 2006 ~~2005~~, a 30% bonus depreciation deduction claimed by the taxpayer pursuant to Section 101 of the federal Job Creation and Worker Assistance Act of 2002, Public Law 107-147 with respect to property placed in service during the taxable year;

(2) For taxable years beginning on or after January 1, 2002 but prior to January 1, 2006 ~~2005~~, a 50% bonus depreciation deduction claimed by the taxpayer pursuant to Section 201 of the federal Jobs and Growth Tax Relief Reconciliation Act of 2003, Public Law 108-27 with respect to property placed in service during the taxable year; and

COMMITTEE AMENDMENT

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2 (3) For taxable years beginning on or after January 1,
3 2003 but prior to January 1, 2008 2005, the increase in
4 aggregate cost claimed under Section 179 of the Code
5 pursuant to Section 202 of the federal Jobs and Growth
6 Tax Relief Reconciliation Act of 2003, Public Law
7 108-27 or pursuant to Section 201 of the federal
8 American Jobs Creation Act of 2004, Public Law 108-357;

9
10 **Sec. 2. 36 MRSA §5200-A, sub-§1, ¶N**, as amended by PL 2005, c.
11 12, Pt. P, §7, is further amended to read:

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

15 (1) For taxable years beginning on or after January 1,
16 2002 but prior to January 1, 2006 2005, a 30% bonus
17 depreciation deduction claimed by the taxpayer pursuant
18 to Section 101 of the federal Job Creation and Worker
19 Assistance Act of 2002, Public Law 107-147 with respect
20 to property placed in service during the taxable year;

21 (2) For taxable years beginning on or after January 1,
22 2002 but prior to January 1, 2006 2005, a 50% bonus
23 depreciation deduction claimed by the taxpayer pursuant
24 to Section 201 of the federal Jobs and Growth Tax
25 Relief Reconciliation Act of 2003, Public Law 108-27
26 with respect to property placed in service during the
27 taxable year; and

28 (3) For taxable years beginning on or after January 1,
29 2003 but prior to January 1, 2008 2005, the increase in
30 aggregate cost claimed under Section 179 of the Code
31 pursuant to Section 202 of the federal Jobs and Growth
32 Tax Relief Reconciliation Act of 2003, Public Law
33 108-27 or pursuant to Section 201 of the federal
34 American Jobs Creation Act of 2004, Public Law 108-357;

35
36 **Sec. 3. 36 MRSA §5219-S**, as amended by PL 2003, c. 20, Pt.
37 GG, §1, is further amended to read:

38
39 **§5219-S. Earned income credit**

40 A taxpayer is allowed a refundable credit against the taxes
41 otherwise due under this Part equal to 5% of the federal earned
42 income credit for the same taxable year, except that for tax
43 years beginning in 2003, and 2004 ~~and--2005~~, the applicable
44 percentage is 4.92% ~~instead of 5%~~. ~~The credit may not reduce the~~
45 ~~state income tax to less than zero.~~

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ADD

COMMITTEE AMENDMENT "A" to H.P. 465, L.D. 632

2 **Sec. 4. Application.** This Act applies to tax years beginning
on or after January 1, 2005.'

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SUMMARY

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8 This amendment incorporates changes enacted as part of
Public Law 2005, chapter 12. The amendment also adds a section
10 making the earned income tax credit refundable and restores that
credit to 5% of the federal credit for tax years beginning in
2005.

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122nd MAINE LEGISLATURE

LD 632

LR 0390(02)

An Act To Lower the Tax Burden for Small Businesses

Fiscal Note for Bill as Amended by Committee Amendment "A"

Committee: Taxation

Fiscal Note Required: Yes

Fiscal Note

	2005-06	2006-07	Projections 2007-08	Projections 2008-09
Net Cost (Savings)				
General Fund	\$13,779,248	\$10,328,628	\$5,979,068	\$210,846
Revenue				
General Fund	(\$13,779,248)	(\$10,328,628)	(\$5,979,068)	(\$210,846)
Other Special Revenue Funds	(\$741,483)	(\$554,968)	(\$327,966)	(\$11,560)

Fiscal Detail and Notes

This bill is expected to reduce General Fund income tax revenue by \$13,779,248 in fiscal year 2005-06 and \$10,328,628 in fiscal year 2006-07.