

MAINE STATE LEGISLATURE

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122nd MAINE LEGISLATURE

FIRST SPECIAL SESSION-2005

Legislative Document

No. 1557

S.P. 541

In Senate, April 7, 2005

An Act To Improve the Business Equipment Tax Reimbursement Program

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 STRIMLING of Cumberland.
Cosponsored by Representative HUTTON of Bowdoinham and
Senators: BROMLEY of Cumberland, PERRY of Penobscot, Representatives: PINEAU of Jay,
WATSON of Bath.

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

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Sec. 1. 36 MRSA §6651, sub-§1, as amended by PL 2001, c. 396, §43, is further amended to read:

1. Eligible property. "Eligible property" means qualified business property first placed in service in the State, or constituting construction in progress commenced in the State, after April 1, 1995 but before April 1, 2007. "Eligible property" includes, without limitation, repair parts, replacement parts, additions, accessions and accessories to other qualified business property placed in service on or before April 1, 1995 if the part, addition, accession or accessory is first placed in service, or constitutes construction in progress, in the State after April 1, 1995 but before April 1, 2007. "Eligible property" also includes inventory parts.

Sec. 2. 36 MRSA §6652, sub-§1, as amended by PL 2003, c. 391, §12, is further amended to read:

1. Generally. A person against whom taxes have been assessed pursuant to Part 2, except for chapters 111 and 112, with respect to eligible property and who has paid those taxes is entitled to reimbursement of those taxes from the State as provided in this chapter to the extent that those taxes have not been returned to the taxpayer by a municipality due to the taxpayer's participation in a municipal development district pursuant to Title 30-A, chapter 206, subchapter 1. The combined reimbursement under this chapter and Title 30-A, chapter 206, subchapter 1 may not exceed 90% of the assessed taxes for eligible property. For purposes of this chapter, a tax applied as a credit against a tax assessed pursuant to chapter 111 or 112 is a tax assessed pursuant to chapter 111 or 112. Eligible property is subject to reimbursement pursuant to this chapter for up to ~~12~~ 10 property tax years, but the ~~12~~ 10 years must be reduced by one year for each year during which a taxpayer included the same property in its investment credit base under section 5219-D, 5219-E or 5219-M and claimed the credit provided in one or more of those sections on its income tax return, and reimbursement may not be made for taxes assessed in a year in which one or more of those credits is taken. A successor in interest of a person against whom taxes have been assessed with respect to eligible property is entitled to reimbursement pursuant to this section, whether the tax was paid by the person assessed or by the successor, as long as a transfer of the property in question to the successor has occurred and the successor is the owner of the property as of August 1st, of the year in which a claim for reimbursement may be filed pursuant to section 6654. For purposes of this paragraph, "successor in interest" includes the initial successor and any subsequent

2 successor. When an eligible successor in interest exists, the
3 successor is the only person to whom reimbursement under this
4 chapter may be made with respect to the transferred property.

6 **Sec. 3. Creation of small business tax assistance program.** The
7 Department of Economic and Community Development and the
8 Department of Administrative and Financial Services, Maine
9 Revenue Services jointly shall develop a program to assist small
10 businesses with the payment of taxes incurred under the Maine
11 Revised Statutes, Title 36. The program must be needs-based, be
12 available only to small businesses and provide for a rebate of
13 taxes paid by the small businesses. Funding for the program must
14 come from the savings generated by eliminating the reimbursement
15 of property taxes under the Business Equipment Tax Reimbursement
16 program and a tax increment financing district agreement and
17 limiting the amount and length of reimbursement pursuant to
18 sections 1 and 2 of this Act.

20 The department and Maine Revenue Services shall report by
21 December 15, 2005 to the Second Regular Session of the 122nd
22 Legislature with their recommendations and necessary implementing
23 legislation.

24 SUMMARY

26 This bill prohibits reimbursement of property taxes under
27 the Business Equipment Tax Reimbursement program if the taxes
28 also are reimbursed under a tax increment financing district
29 agreement for property first placed into service on or after
30 April 1, 2007. This bill also limits the reimbursement to 90% of
31 the assessed taxes and reduces the number of years property is
32 eligible for reimbursement from 12 years to 10 years. The
33 savings generated by the elimination of this so-called
34 "double-dip" must be used to fund a new program created jointly
35 by the Department of Economic and Community Development and the
36 Department of Administrative and Financial Services, Maine
37 Revenue Services to provide tax assistance to small businesses
38 based on need.