

MAINE STATE LEGISLATURE

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122nd MAINE LEGISLATURE

SECOND REGULAR SESSION-2006

Legislative Document

No. 1929

S.P. 729

In Senate, January 4, 2006

An Act To Strengthen Maine's Craft Brewing Industry

Approved for introduction by a majority of the Legislative Council pursuant to Joint Rule 203.

Reference to the Committee on Legal and Veterans Affairs 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 President EDMONDS of Cumberland.

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

4 **Sec. 1. 28-A MRSA §1355, sub-§10** is enacted to read:

6 10. **Contract brewers.** A person who is licensed by the
8 bureau may contract with a brewery or small brewery to
10 manufacture that person's malt liquor. The bureau, by rule,
12 shall establish the licensing criteria and cost of the license.
14 Rules adopted pursuant to this subsection are routine technical
16 rules pursuant to Title 5, chapter 375, subchapter 2-A.

18 **Sec. 2. 28-A MRSA §1653** is enacted to read:

20 **§1653. Export tax credit**

22 A brewer is eligible for a credit against the excise tax
24 imposed pursuant to this chapter as provided in this section.

26 1. **Eligibility.** A brewer is eligible for a credit under
28 this section if the brewer:

30 A. Is licensed to and in fact does manufacture malt liquor
32 in this State;

34 B. Exports malt liquor for sale outside this State; and

36 C. Pays excise taxes imposed pursuant to section 1652.

38 2. **Amount of credit; schedule.** A brewer eligible under
40 subsection 1 is entitled to a credit in the amount of 17.5¢ per
42 gallon of malt liquor manufactured in this State and exported for
44 sale outside this State, calculated annually for each year the
46 credit is claimed:

48 A. For the first year, on 90% of the total amount
manufactured and exported;

B. For the 2nd year, on 80% of the total amount
manufactured and exported, plus an additional credit of
17.5¢ per gallon on the amount in excess of 110% of the
amount manufactured and exported in the first year of
participation;

C. For the 3rd year, on 70% of the total amount
manufactured and exported, plus an additional credit of
17.5¢ per gallon on the amount in excess of 110% of the
amount manufactured and exported in the 2nd year of
participation;

2 D. For the 4th year, on 60% of the total amount
4 manufactured and exported, plus an additional credit of
6 17.5¢ per gallon on the amount in excess of 110% of the
8 amount manufactured and exported in the 3rd year of
10 participation;

12 E. For the 5th year, on 50% of the total amount
14 manufactured and exported, plus an additional credit of
16 17.5¢ per gallon on the amount in excess of 110% of the
18 amount manufactured and exported in the 4th year of
20 participation;

22 F. For the 6th year, on 40% of the total amount
24 manufactured and exported, plus an additional credit of
26 17.5¢ per gallon on the amount in excess of 110% of the
28 amount manufactured and exported in the 5th year of
30 participation;

32 G. For the 7th year, on 30% of the total amount
34 manufactured and exported, plus an additional credit of
36 17.5¢ per gallon on the amount in excess of 110% of the
38 amount manufactured and exported in the 6th year of
40 participation;

42 H. For the 8th year, on 20% of the total amount
44 manufactured and exported, plus an additional credit of
46 17.5¢ per gallon on the amount in excess of 110% of the
48 amount manufactured and exported in the 7th year of
50 participation;

I. For the 9th year, on 10% of the total amount
manufactured and exported, plus an additional credit of
17.5¢ per gallon on the amount in excess of 110% of the
amount manufactured and exported in the 8th year of
participation; and

J. For the 10th year, on 17.5¢ per gallon on the amount in
excess of 110% of the amount manufactured and exported in
the 9th year of participation.

A brewer may not claim a credit available pursuant to this
subsection that exceeds the amount of excise taxes due from that
brewer pursuant to section 1652.

3. Rules; forms. The bureau shall adopt rules necessary
for the implementation of this section, including forms to be
made available to brewers. Rules adopted pursuant to this
subsection are routine technical rules pursuant to Title 5,
chapter 375, subchapter 2-A.

2 4. Repeal. This section is repealed December 31, 2016. A
3 brewer eligible under subsection 2 may file a claim for a tax
4 credit pursuant to this section for the year 2016 no later than
5 April 1, 2017.

6 **Sec. 3. 36 MRSA §5219-Y is enacted to read:**

8 **§5219-Y. Brewery employment tax credit**

10 1. Definitions. As used in this section, unless the
11 context otherwise indicates, the following terms have the
12 following meanings.

14 A. "Base year" means calendar year 2005 or the first year a
15 brewer is in business, whichever is later.

16 B. "Brewer" means a person who produces malt liquor.

18 C. "Malt liquor" means liquor produced by the fermentation
19 of malt, wholly or partially, or from any malt substitute,
20 that contains 1/2 of 1% of alcohol or more by volume. "Malt
21 liquor" includes, but is not limited to, ale, beer, porter
22 and stout. "Malt liquor" includes beverages made with malt
23 liquor, but to which no spirits are added.

24 2. Credit allowed. A brewer that employs persons in this
25 State for the manufacture of malt liquor in this State is allowed
26 a credit against the tax otherwise due under this Part in the
27 amount of 50% of the taxes withheld pursuant to section 5250 for
28 each employee employed in this State above the number of
29 employees employed in this State by the brewer in the base year.

30 3. Limitation. The credit allowed by this section may not be
31 used to reduce a brewer's tax liability under this Part to less
32 than zero.

33 4. Corporations filing combined return. In the case of
34 corporations filing a combined return, a credit generated by an
35 individual member corporation under the provisions of this
36 section must first be applied against the tax liability
37 attributable to that individual member corporation under this
38 Part. A member corporation with an excess brewer employment tax
39 credit may apply its excess credit against the tax liability of
40 other group members to the extent that the other member
41 corporations may use additional credits under the limitations of
42 subsection 3.

43 5. Expiration of credit. The credit provided by this section
44 may not be claimed for tax years beginning on or after January 1,
45 2017.

