

MAINE STATE LEGISLATURE

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122nd MAINE LEGISLATURE

SECOND REGULAR SESSION-2006

Legislative Document

No. 2048

S.P. 792

In Senate, March 7, 2006

An Act To Strengthen Maine's Craft Brewers

(AFTER DEADLINE)

Approved for introduction by a majority of the Legislative Council pursuant to Joint Rule 205.

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 President EDMONDS of Cumberland.
Cosponsored by Speaker RICHARDSON of Brunswick and
Senator: PERRY of Penobscot.

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

2 **Sec. 1. 28-A MRSA §1653** is enacted to read:

3 **§1653. Export tax credit**

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

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

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

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

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

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

14 A. For the first year, on 90% of the total amount manufactured and exported in that
15 year;

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

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

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

25 E. For the 5th year, on 50% of the total amount manufactured and exported in that
26 year, plus an additional credit of 17.5¢ per gallon on the amount in excess of 110% of
27 the amount manufactured and exported in the 4th year of participation;

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

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

34 H. For the 8th year, on 20% of the total amount manufactured and exported in that
35 year, plus an additional credit of 17.5¢ per gallon on the amount in excess of 110% of
36 the amount manufactured and exported in the 7th year of participation;

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

1 J. For the 10th year, on the amount in excess of 110% of the amount manufactured
2 and exported in the 9th year of participation.

3 A brewer may not claim a credit available pursuant to this subsection that exceeds 50% of
4 the amount of excise taxes due from that brewer pursuant to section 1652.

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

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

12 **Sec. 2. 36 MRSA §5219-Y** is enacted to read:

13 **§5219-Y. Brewery employment tax credit**

14 1. Definitions. As used in this section, unless the context otherwise indicates, the
15 following terms have the following meanings.

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

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

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

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

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

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

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

