

# MAINE STATE LEGISLATURE

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Date: 6-6-11

(Filing No. H-524)

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STATE OF MAINE  
HOUSE OF REPRESENTATIVES  
125TH LEGISLATURE  
FIRST REGULAR SESSION

HOUSE AMENDMENT "A" to COMMITTEE AMENDMENT "A" to H.P. 432,  
L.D. 549, Bill, "An Act Regarding the Recognition of Corporate Entities for Tax  
Purposes"

Amend the amendment by striking out all of the first indented paragraph (page 1,  
lines 11 to 13 in amendment) and inserting the following:

'Amend the bill by striking out everything after the enacting clause and before the  
summary and inserting the following:

'Sec. 1. 36 MRSA §5202-D is enacted to read:

**§5202-D. Corporate entities**

**1. Recognition of income.** A corporate entity formed in accordance with Title 13,  
Title 13-B or Title 13-C, or under similar provisions of the laws of another state, must be  
recognized for purposes of this Part if it either:

A. Has a business purpose; or

B. Conducts business activity.

**2. Owner of income of corporation.** A corporate entity recognized under  
subsection 1 must be regarded as the true owner of all income paid or payable to the  
entity, including, but not limited to, any distributive share income paid or payable to the  
entity.'

**SUMMARY**

This amendment reallocates the provisions of the bill regarding recognition of  
corporate entities to the Maine Revised Statutes, Title 36, Part 8, which deals with  
income taxes, and specifies that the provisions regarding recognition of income apply

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HOUSE AMENDMENT "A" to COMMITTEE AMENDMENT "A" to H.P. 432, L.D. 549

1 only for purposes of income tax.

2 This amendment also incorporates the change made by Committee Amendment "A."

3 SPONSORED BY: 

4 (Representative KNIGHT)

5 TOWN: Livermore Falls

FISCAL NOTE REQUIRED  
(See attached)

# HOUSE AMENDMENT



# 125th MAINE LEGISLATURE

LD 549

LR 1213(04)

## An Act Regarding the Recognition of Corporate Entities for Tax Purposes

Fiscal Note for House Amendment "*A*" to Committee Amendment "A"

Sponsor: Rep. Knight of Livermore Falls

Fiscal Note Required: Yes

### Fiscal Note

	FY 2011-12	FY 2012-13	Projections FY 2013-14	Projections FY 2014-15
<b>Net Cost (Savings)</b>				
General Fund	\$0	(\$1,223,582)	(\$2,204,126)	(\$2,705,292)
<b>Revenue</b>				
General Fund	\$0	\$1,223,582	\$2,204,126	\$2,705,292

#### Fiscal Detail and Notes

Treating corporate entities formed in accordance with Title 13, Title 13-B or Title 13-C of the Maine Revised Statutes as the true owners of all income paid or payable to the entities including any distributive share income of the entities for tax years beginning on or after January 1, 2011 and limiting the scope of application of the bill to income taxes will eliminate the effect on estate tax collections that resulted from the committee amendment, increasing General Fund revenue and revenue sharing starting in fiscal year 2012-13 compared to the prior committee amendment. The numbers shown above reflect only the incremental effect of the House amendment. The overall fiscal impact after this House amendment will be General Fund revenue reductions of \$1,264,069 in fiscal year 2011-12 and \$2,573,892 in fiscal year 2012-13 as well as revenue sharing reductions of \$66,530 in fiscal year 2011-12 and \$135,468 in fiscal year 2012-13.