

MAINE STATE LEGISLATURE

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Date: 5/24/11

L.D. 549

(Filing No. H-335)

Majority

TAXATION

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

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

Amend the bill in section 1 in §194-A in subsection 2 in the last line (page 1, line 11 in L.D.) by striking out the following: "of" and inserting the following: 'paid or payable to'

Amend the bill by inserting after section 1 the following:

'Sec. 2. Application. This Act applies to tax years beginning on or after January 1, 2011.'

SUMMARY

The bill clarifies the circumstances under which the State must respect a corporate entity for tax purposes and the amendment provides that the corporate entity is the owner of income paid or payable to the corporate entity. The bill as amended is not intended to change the determination of whether income paid or payable to the corporate entity is taxable to the corporate entity or to a shareholder of the corporate entity or whether an S corporation is a taxable corporation.

The amendment also provides an application date.

FISCAL NOTE REQUIRED

(See attached)

COMMITTEE AMENDMENT



125th MAINE LEGISLATURE

LD 549

LR 1213(02)

An Act Regarding the Recognition of Corporate Entities for Tax Purposes

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

Committee: Taxation

Fiscal Note Required: Yes

Fiscal Note

	FY 2011-12	FY 2012-13	Projections FY 2013-14	Projections FY 2014-15
Net Cost (Savings)				
General Fund	\$1,264,069	\$3,797,474	\$6,840,662	\$8,396,066
Revenue				
General Fund	(\$1,264,069)	(\$3,797,474)	(\$6,840,662)	(\$8,396,066)
Other Special Revenue Funds	(\$66,530)	(\$135,468)	(\$244,028)	(\$299,514)

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 will reduce both income tax and estate tax collections, resulting in reductions to both General Fund revenue and revenue sharing starting in fiscal year 2011-12.