

MAINE STATE LEGISLATURE

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Date: 3/26/14

majority

L.D. 1120
(Filing No. H-749)

TAXATION

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STATE OF MAINE
HOUSE OF REPRESENTATIVES
126TH LEGISLATURE
SECOND REGULAR SESSION

COMMITTEE AMENDMENT "A" to H.P. 792, L.D. 1120, Bill, "An Act To Improve Maine's Tax Laws"

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

Sec. 1. 36 MRSA §5200, sub-§5, as enacted by PL 2005, c. 457, Pt. FFF, §1 and affected by §2, is repealed and the following enacted in its place:

5. Net income. For purposes of this section, "net income" means for any taxable year the total of the following as modified by section 5200-A:

A. The taxable income of the taxpayer for that taxable year under the laws of the United States; and

B. The taxable income or loss of any corporation that is a member of a unitary group and that is incorporated in any of the following jurisdictions: the Principality of Andorra, Anguilla, Antigua and Barbuda, Aruba, the Commonwealth of the Bahamas, the Kingdom of Bahrain, Barbados, Belize, Bermuda, the British Virgin Islands, the Cayman Islands, the Cook Islands, the Republic of Cyprus, the Commonwealth of Dominica, Gibraltar, Grenada, the Bailiwick of Guernsey, the Isle of Man, the Bailiwick of Jersey, the Republic of Liberia, the Principality of Liechtenstein, the Grand Duchy of Luxembourg, Malta, the Republic of the Marshall Islands, the Republic of Mauritius, the Principality of Monaco, Montserrat, the Republic of Nauru, the Caribbean Netherlands, Niue, the Independent State of Samoa, the Republic of San Marino, the Republic of Seychelles, the Federation of St. Christopher and Nevis, St. Lucia, St. Vincent and the Grenadines, the Turks and Caicos Islands, the United States Virgin Islands and the Republic of Vanuatu.

Sec. 2. Rules. The State Tax Assessor shall adopt rules to determine the income or loss for a corporation that is a member of a unitary group that is not otherwise required to file a consolidated federal return and to prevent double taxation or double deduction of any amount included in the computation of net income under the Maine Revised Statutes,

COMMITTEE AMENDMENT

1 Title 36, section 5200, subsection 5. Rules adopted pursuant to this section are major
2 substantive rules as described in Title 5, chapter 375, subchapter 2-A.

3 **Sec. 3. Application.** This Act applies to tax years beginning on or after January 1,
4 2015.

5 **SUMMARY**

6 This amendment replaces the bill, which was a concept draft, and requires
7 corporations that file unitary income tax returns in Maine to include income from certain
8 jurisdictions outside the United States in net income when apportioning income among
9 tax jurisdictions. The State Tax Assessor is required to adopt major substantive rules to
10 determine the income or loss attributable to such corporations and to prevent double
11 taxation or deduction of income.

FISCAL NOTE REQUIRED
(See attached)



126th MAINE LEGISLATURE

LD 1120

LR 1705(02)

An Act To Improve Maine's Tax Laws

Fiscal Note for Bill as Amended by Committee Amendment

Committee: Taxation

Fiscal Note Required: Yes

A (H-749)

Fiscal Note

	FY 2013-14	FY 2014-15	Projections FY 2015-16	Projections FY 2016-17
Net Cost (Savings)				
General Fund	\$0	\$0	(\$4,722,199)	(\$5,056,223)
Appropriations/Allocations				
General Fund	\$0	\$0	\$265,301	\$216,277
Revenue				
General Fund	\$0	\$0	\$4,987,500	\$5,272,500
Other Special Revenue Funds	\$0	\$0	\$262,500	\$277,500

Fiscal Detail and Notes

The amendment requires corporations who file unitary income tax returns to include income from certain jurisdictions outside the United States in net income when apportioning income among tax jurisdictions. It would result in an increase in General Fund and Local Government Fund revenue of \$4,987,500 and \$262,500, respectively, in fiscal year 2015-16 and \$5,272,500 and \$277,500, respectively, in fiscal year 2016-17. Maine Revenue Services will require a General Fund appropriation of \$265,301 in fiscal year 2015-16 and \$216,277 in fiscal year 2016-17 for one Staff Attorney position, one Tax Analyst position, computer programming charges and related costs to apply the new law.