

MAINE STATE LEGISLATURE

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L.D. 428

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Date: 4-6-22

(Filing No. H-943)

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MAJORITY
TAXATION

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STATE OF MAINE

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HOUSE OF REPRESENTATIVES

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130TH LEGISLATURE

8

SECOND REGULAR SESSION

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COMMITTEE AMENDMENT "A" to H.P. 308, L.D. 428, "An Act To Prevent Tax Haven Abuse"

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Amend the bill by striking out the title and substituting the following:

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'Resolve, Directing Maine Revenue Services To Review and Report Regarding Worldwide Combined Reporting of Certain Corporations for Income Tax Purposes'

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

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'Sec. 1. Review of worldwide combined reporting by certain corporations for income tax purposes. Resolved: That the Department of Administrative and Financial Services, Maine Revenue Services, referred to in this resolve as "Maine Revenue Services," shall review in accordance with section 2 the impact on the State's income tax and the State's economy of adopting a system for apportionment of income for purposes of calculating income tax for corporations that are part of an affiliated group with members outside of the United States.

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Sec. 2. Scope of review; report. Resolved: That Maine Revenue Services shall:

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A. Review the State's corporate income tax law and identify statutory and administrative changes that would be necessary to adopt a corporate income tax system that requires worldwide combined reporting for income tax purposes and that allows a corporation to elect to compute income on a water's edge combined report;

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B. Consider:

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(1) The need to define income of a combined group under worldwide combined reporting;

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(2) The need to adjust the State's income tax nexus laws;

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(3) The need to adjust the State's method of apportioning corporate income for income tax purposes;

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(4) The implications of permitting corporations to elect to file a return based on water's edge combined reporting and conditions under which a corporation may be allowed to withdraw from that election; and

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1 (5) Any other statutory changes necessary to implement changes to the system
2 described in paragraph A; and

3 C. Report to the joint standing committee of the Legislature having jurisdiction over
4 taxation matters by February 1, 2023 the projected impact and policy considerations of
5 adopting a corporate income tax system that requires worldwide combined reporting
6 for income tax purposes and that allows a corporation to elect to compute income by a
7 water's edge combined report. Maine Revenue Services shall include in its report an
8 analysis of how such a system would affect conformity of the State's income tax system
9 with the federal income tax system, including changes to the federal system currently
10 being considered by the United States Congress.

11 **Sec. 3. Legislation. Resolved:** That the joint standing committee of the Legislature
12 having jurisdiction over taxation matters may submit legislation related to the report
13 submitted pursuant to this resolve to the 131st Legislature in 2023.'

14 Amend the bill by relettering or renumbering any nonconsecutive Part letter or section
15 number to read consecutively.

16 **SUMMARY**

17 This amendment replaces the bill with a resolve requiring the Department of
18 Administrative and Financial Services, Maine Revenue Services to review the impact on
19 the State's income tax and economy of adopting a system for apportionment of income for
20 purposes of calculating income tax for corporations that are part of an affiliated group with
21 members outside of the United States by adopting worldwide combined reporting with an
22 election for water's edge combined reporting and to report the results of its review to the
23 joint standing committee of the Legislature having jurisdiction over taxation matters by
24 February 1, 2023. It also authorizes the committee to report out legislation related to the
25 report.

26 **FISCAL NOTE REQUIRED**

27 (See attached)



130th MAINE LEGISLATURE

LD 428

LR 1634(02)

An Act To Prevent Tax Haven Abuse

Fiscal Note for Bill as Amended by Committee Amendment *(Act 943)*

Committee: Taxation

Fiscal Note Required: Yes

Fiscal Note

Minor cost increase - General Fund

Fiscal Detail and Notes

Additional costs to the Department of Administrative and Financial Services related to performing the review and reporting the results can be absorbed within existing budgeted resources.