LAWS

OF THE

STATE OF MAINE

AS PASSED BY THE

ONE HUNDRED AND ELEVENTH LEGISLATURE

SECOND SPECIAL SESSION
November 18, 1983

AND AT THE

SECOND REGULAR SESSION
January 4, 1984 to April 25, 1984

AND AT THE

THIRD SPECIAL SESSION
September 4, 1984 to September 11, 1984

PUBLISHED BY THE DIRECTOR OF LEGISLATIVE RESEARCH IN ACCORDANCE WITH MAINE REVISED STATUTES ANNOTATED, TITLE 3, SECTION 164, SUBSECTION 6.

J.S. McCarthy Co., Inc.
Augusta, Maine
1986

PUBLIC LAWS

OF THE

STATE OF MAINE

AS PASSED AT THE

SECOND SPECIAL SESSION

of the

ONE HUNDRED AND ELEVENTH LEGISLATURE

NOVEMBER 18, 1983

CHAPTER 590

H.P. 1374 - L.D. 1806

AN ACT Providing Conformity with the United States Internal Revenue Code.

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

Sec. 1. 36 MRSA §5102, sub-§11, as amended by PL 1981, c. 704, § 3, is further amended to read:

11. Other terms. Any other term used in this Part has the same meaning as when used in a comparable context in the laws of the United States relating to federal income taxes, unless a different meaning is clearly required. Any reference in this Part to the laws of the United States shall be construed as a reference to the provisions of the United States Internal Revenue Code of 1954, and amendments thereto and other provisions of the laws of the United States relating to federal income taxes as of December 31, 1980. This subsection shall be effective as to items of income, deductions, loss or gain accruing in taxable years ending on or after January 1, 1980 but only to the extent that those items have been earned, received, incurred or accrued on or after that effective date. Notwithstanding other provisions of this subsection, for taxable years ending in 1981 and 1982, any reference in this Part to the laws of the United States shall be construed as a reference to the provisions of the United States Internal Revenue Code of 1954, and amendments thereto and other provisions of the laws of the United States relating to federal income taxes as of December 31, 1981 for items of income, deductions, loss or gain earned, incurred or accrued within those taxable years. Notwithstanding other provisions of this subsection, for taxable years ending in 1983, any reference in this Part to the laws of the United States shall be construed as a reference to the provisions of the United States Internal Revenue Code of 1954, and amendments thereto and other provisions of the laws of the United States relating to federal income taxes as of January 31, 1983 for items of income, deductions, loss or gain earned, incurred or accrued within those taxable years.

Sec. 2. 36 MRSA §5200-A, sub-§ 1, ¶F is enacted to read:

F. For a taxable year ending in 1983, the sum of the following portions of the deductions allowed for that taxable year to the taxpayer under the United States Internal Revenue Code, Section 168:

(1) 5% of the deductions for 3-year property;

(2) 15% of the deductions for 5-year property;

(3) 25% of the deductions for 10-year property; and

(4) 40% of the deductions for 15-year property.

Sec. 3. 36 MRSA §5206, as amended by PL 1983, c. 477, Pt. F, Sub-pt. 3, § 2, is further amended to read:

§5206. Franchise tax on banking corporations and loan associations

A tax is imposed for each calendar year or fiscal year ending during that calendar year upon the franchise or privilege of doing business in this State of every corporation which is a bank, savings bank, savings institution, trust company and every savings and loan association, or loan and building association, that has a business location in this State. ~~The~~ This tax is measured by applying the tax rates specified in section 5200 to the taxable income of the corporation or association for that taxable year under the laws of the United States ~~as follows:~~ as adjusted in subsection 3. The tax computed under this chapter shall be reduced by the amount of tax payable by the taxpayer for the taxable year under chapter 817 and by the amount of the taxpayer's credit for investment in the Maine Capital Corporation.

~~1. Rate. The rates to be applied to taxable income under this chapter shall be the same as those specified in section 5200. Taxable income, for purposes of this subsection, shall be reduced by the amount of the corporation's or association's federal new jobs credit for tax years beginning on or after January 1, 1978, shall be reduced by the amount of the corporation's or association's credit for investment in the Maine Capital Corporation for tax years beginning on or after January 1, 1979, shall be increased, for the tax year ending in 1982, by the amount of deductions allowed for that tax year to the~~

~~taxpayer as nominal lessor in a safe harbor lease pursuant to the United States Internal Revenue Code, Section 168(f)(8), plus 18% of the remaining deductions allowed for that tax year under the United States Internal Revenue Code, Sections 167 and 168, shall be decreased, for each of the tax years ending in 1983 through 1985, by 6% of the deductions allowed under the United States Internal Revenue Code, Sections 167 and 168 for the taxpayer's tax year ending in 1982, excluding the amount of deductions allowed for that tax year to the nominal lessor in a safe harbor lease pursuant to the United States Internal Revenue Code, Section 168(f)(8), and is reduced by the amount of the tax payable by the corporation or association for the taxable year under chapter 817.~~

3. Adjustments to taxable income. For purposes of this section, taxable income shall be:

A. Decreased by the amount of the taxpayer's federal new jobs credit;

B. Decreased, for taxable years ending in 1983 through 1985, by 6% of the deductions allowed under the United States Internal Revenue Code, Sections 167 and 168 for the taxpayer's taxable year ending in 1982, excluding the amount of deductions allowed for that taxable year to the nominal lessor in a safe harbor lease pursuant to the United States Internal Revenue Code, Section 168(f)(8);

C. Increased, for taxable year ending in 1982, by the amount of deductions allowed for that tax year to the taxpayer as nominal lessor in a safe harbor lease pursuant to the United States Internal Revenue Code, Section 168(f)(8) plus 18% of the remaining deductions allowed for that year under the United States Internal Revenue Code, Sections 167 and 168; and

D. Increased, for taxable years ending in 1983, by the sum of the following portions of the deductions allowed for that taxable year to the taxpayer under the United States Internal Revenue Code, Section 168:

(1) 5% of the deductions for 3-year property;

(2) 15% of the deductions for 5-year property;

(3) 25% of the deductions for 10-year property; and

(4) 40% of the deductions for 15-year property.

Sec. 4. Review committee established. A Review Committee on Tax Conformity is established, with membership to be appointed as follows: Three Legislators and 4 members of the public to be appointed by the President of the Senate and the Speaker of the House of Representatives. The Department of Finance and Administration and the Office of Legislative Assistants shall serve as staff for the review committee.

The Review Committee on Tax Conformity shall conduct a general review of the issue of state-federal tax conformity and, by March 1, 1984, report its conclusions and recommendations to the Legislature. That report shall include legislation necessary to implement these recommendations.

The expenses of the public members of the review committee shall be paid from the Legislative Account.

Effective February 17, 1984.