

PLEASE NOTE: Legislative Information **cannot** perform research, provide legal advice, or interpret Maine law. For legal assistance, please contact a qualified attorney.

An Act To Strengthen Maine's Craft Brewers

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

Sec. 1. 28-A MRS §1653 is enacted to read:

§ 1653. Export tax credit

A brewer is eligible for a credit against the excise tax imposed pursuant to this chapter as provided in this section.

1. Eligibility. A brewer is eligible for a credit under this section if the brewer:

- A. Is licensed to and in fact does manufacture malt liquor in this State;
- B. Exports malt liquor for sale outside this State; and
- C. Pays excise taxes imposed pursuant to section 1652.

2. Amount of credit; schedule. A brewer eligible under subsection 1 is entitled to a credit in the amount of 17.5¢ per gallon of malt liquor manufactured in this State and exported for sale outside this State, calculated annually for each year the credit is claimed:

- A. For the first year, on 90% of the total amount manufactured and exported in that year;
- B. For the 2nd year, on 80% of the total amount manufactured and exported in that year, plus an additional credit of 17.5¢ per gallon on the amount in excess of 110% of the amount manufactured and exported in the first year of participation;
- C. For the 3rd year, on 70% of the total amount manufactured and exported in that year, plus an additional credit of 17.5¢ per gallon on the amount in excess of 110% of the amount manufactured and exported in the 2nd year of participation;
- D. For the 4th year, on 60% of the total amount manufactured and exported in that year, plus an additional credit of 17.5¢ per gallon on the amount in excess of 110% of the amount manufactured and exported in the 3rd year of participation;
- E. For the 5th year, on 50% of the total amount manufactured and exported in that year, plus an additional credit of 17.5¢ per gallon on the amount in excess of 110% of the amount manufactured and exported in the 4th year of participation;
- F. For the 6th year, on 40% of the total amount manufactured and exported in that year, plus an additional credit of 17.5¢ per gallon on the amount in excess of 110% of the amount manufactured and exported in the 5th year of participation;
- G. For the 7th year, on 30% of the total amount manufactured and exported in that year, plus an additional credit of 17.5¢ per gallon on the amount in excess of 110% of the amount manufactured and exported in the 6th year of participation;

H. For the 8th year, on 20% of the total amount manufactured and exported in that year, plus an additional credit of 17.5¢ per gallon on the amount in excess of 110% of the amount manufactured and exported in the 7th year of participation;

I. For the 9th year, on 10% of the total amount manufactured and exported in that year, plus an additional credit of 17.5¢ per gallon on the amount in excess of 110% of the amount manufactured and exported in the 8th year of participation; and

J. For the 10th year, on the amount in excess of 110% of the amount manufactured and exported in the 9th year of participation.

A brewer may not claim a credit available pursuant to this subsection that exceeds 50% of the amount of excise taxes due from that brewer pursuant to section 1652.

3. Rules; forms. The bureau shall adopt rules necessary for the implementation of this section, including forms to be made available to brewers. Rules adopted pursuant to this subsection are routine technical rules pursuant to Title 5, chapter 375, subchapter 2-A.

4. Repeal. This section is repealed December 31, 2016. A brewer eligible under subsection 2 may file a claim for a tax credit pursuant to this section for the year 2016 no later than April 1, 2017.

Sec. 2. 36 MRSA §5219-Y is enacted to read:

§ 5219-Y. Brewery employment tax credit

1. Definitions. As used in this section, unless the context otherwise indicates, the following terms have the following meanings.

A. "Base year" means calendar year 2005 or the first year a brewer is in business, whichever is later.

B. "Brewer" means a person who produces malt liquor.

C. "Malt liquor" means liquor produced by the fermentation of malt, wholly or partially, or from any malt substitute, that contains 1/2 of 1% of alcohol or more by volume. "Malt liquor" includes, but is not limited to, ale, beer, porter and stout. "Malt liquor" includes beverages made with malt liquor, but to which no spirits are added.

2. Credit allowed. A brewer that employs persons in this State for the manufacture of malt liquor in this State is allowed a credit against the tax otherwise due under this Part in the amount of 50% of the taxes withheld pursuant to section 5250 for each employee employed in this State by the brewer for the manufacture of malt liquor above the number of employees employed in this State by the brewer for the manufacture of malt liquor in the base year.

3. Limitation. The credit allowed by this section may not be used to reduce a brewer's tax liability under this Part to less than zero.

4. Corporations filing combined return. In the case of corporations filing a combined return, a credit generated by an individual member corporation under the provisions of this section must first be applied against the tax liability attributable to that individual member corporation under this Part. A member corporation with an excess brewer employment tax credit may apply its excess credit against the tax liability of other group members to the extent that the other member corporations may use additional credits under the limitation of subsection 3.

5. Expiration of credit. The credit provided by this section may not be claimed for tax years beginning on or after January 1, 2017.

6. Rules. The bureau shall adopt rules to implement the provisions of this section. Rules adopted pursuant to this subsection are routine technical rules pursuant to Title 5, chapter 375, subchapter 2-A.

SUMMARY

This bill provides tax incentives to malt liquor brewers to encourage them to increase their employment in Maine and the amount of malt liquor produced in Maine and exported for sale outside of Maine. Specifically, this bill:

1. Provides a tax credit against the excise taxes imposed on alcohol manufactured and sold in Maine by a brewer equal to 17.5¢ per gallon of malt liquor manufactured and exported by that brewer. This tax credit is limited to 50% of the amount of excise taxes due from a brewer. The percentage of malt liquor that is eligible for the credit is 90% of the amount produced and exported and is reduced by 10% each year. If a brewer increases its production and export of malt liquor by 10% in a year, an additional credit is allowed for the excess; and

2. Provides a credit against the income taxes paid by a brewer equal to 50% of the payroll taxes withheld by that brewer for each employee employed in the State for the manufacture of malt liquor above the number of employees employed by the brewer in the State for the manufacture of malt liquor in 2005, or the first year of business of the brewer, whichever is later.

Both the excise tax credit and the income tax credit expire on December 31, 2016.