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No. 147

H.P. 103

House of Representatives, January 21, 2021

An Act To Update References to the United States Internal Revenue Code of 1986 Contained in the Maine Revised Statutes and Amend Income Tax Modifications and the Maine Capital Investment Tax Credit

(EMERGENCY)

Submitted by the Department of Administrative and Financial Services pursuant to Joint Rule 204.

Received by the Clerk of the House on January 19, 2021. Referred to the Committee on Taxation pursuant to Joint Rule 308.2 and ordered printed pursuant to Joint Rule 401.

A handwritten signature in cursive script that reads "R B. Hunt".

ROBERT B. HUNT
Clerk

Presented by Representative TERRY of Gorham.

1 NN. For taxable years beginning on or after January 1, 2019 and before January 1,
2 2021, the amount of the taxpayer's federal business interest deduction for the taxable
3 year that exceeds the limitation for such deduction contained in the Code, Section
4 163(j), applying a rate of 30% to adjusted taxable income for the purposes of the Code,
5 Section 163(j)(1)(B) without regard to the special rule described in the Code, Section
6 163(j)(10)(A)(i).

7 **Sec. C-2. 36 MRSA §5122, sub-§2, ¶VV** is enacted to read:

8 VV. For taxable years beginning on or after January 1, 2021, an amount equal to the
9 value of any prior year addition modification under subsection 1, paragraph NN, but
10 only to the extent that:

11 (1) Maine taxable income is not reduced below zero;

12 (2) No more than 25% of the amount is used as a modification in any taxable year;
13 and

14 (3) The amount has not previously been used as a modification pursuant to this
15 paragraph or otherwise used to reduce Maine taxable income.

16 **Sec. C-3. 36 MRSA §5200-A, sub-§1, ¶GG** is enacted to read:

17 GG. For taxable years beginning on or after January 1, 2019 and before January 1,
18 2021, the amount of the taxpayer's federal business interest deduction for the taxable
19 year that exceeds the limitation for such deduction contained in the Code, Section
20 163(j), applying a rate of 30% to adjusted taxable income for the purposes of the Code,
21 Section 163(j)(1)(B) without regard to the special rule described in the Code, Section
22 163(j)(10)(A)(i).

23 **Sec. C-4. 36 MRSA §5200-A, sub-§2, ¶HH** is enacted to read:

24 HH. For taxable years beginning on or after January 1, 2021, an amount equal to the
25 value of any prior year addition modification under subsection 1, paragraph GG, but
26 only to the extent that:

27 (1) Maine taxable income is not reduced below zero;

28 (2) No more than 25% of the amount is used as a modification in any taxable year;
29 and

30 (3) The amount has not previously been used as a modification pursuant to this
31 paragraph or otherwise used to reduce Maine taxable income.

32 **PART D**

33 **Sec. D-1. 36 MRSA §5219-NN, sub-§2, ¶F**, as repealed and replaced by PL 2017,
34 c. 211, Pt. D, §8, is amended to read:

35 F. Property owned by a person that provides multichannel, multipoint television
36 distribution services; ~~and~~

37 **Sec. D-2. 36 MRSA §5219-NN, sub-§2, ¶G**, as repealed and replaced by PL 2017,
38 c. 211, Pt. D, §8, is amended to read:

39 G. Property that is not in service in the State for the entire 12-month period following
40 the date it is placed in service in the State; ~~and~~

1 **SUMMARY**

2 The bill does the following.

3 Part A updates references to the United States Internal Revenue Code of 1986
4 contained in the Maine Revised Statutes, Title 36 to refer to the United States Internal
5 Revenue Code of 1986 as amended through December 31, 2020, for tax years beginning
6 on or after January 1, 2018 and for any prior tax year as specifically provided by the United
7 States Internal Revenue Code of 1986, as amended.

8 Part B requires an addition modification for taxable income for income tax purposes
9 for federal excess business losses allowed to noncorporate taxpayers pursuant to the
10 Coronavirus Aid, Relief, and Economic Security Act, or "CARES Act," for taxable years
11 beginning after December 31, 2017 and before January 1, 2021 and a subtraction
12 modification for the carry-over of this amount in future years.

13 Part C requires an addition modification for taxable income for income tax purposes of
14 the federal business interest deduction that exceeds 30% of adjusted taxable income
15 pursuant to the CARES Act for taxable years beginning on or after January 1, 2019 and
16 before January 1, 2021 and a subtraction modification for the carry-over of this amount in
17 tax years beginning on or after January 1, 2021.

18 Part D excludes qualified improvement property placed in service after December 31,
19 2017 and prior to January 1, 2020 from the Maine capital investment income tax credit.

20 Part E requires an addition modification for taxable income for income tax purposes
21 for the additional charitable contribution deduction allowed to corporations pursuant to the
22 CARES Act for taxable years beginning after January 1, 2019 and before January 1, 2020
23 and a subtraction modification for the carry-over of this amount in future years.

24 Part F updates and simplifies Maine income tax law by conforming the Maine income
25 tax with the federal net operating loss limitation, generally known as "the 80% taxable
26 income limitation," and the CARES Act suspension of the limitation. This Part and Maine's
27 conformity to the CARES Act net operating loss limitation suspension in Part A apply
28 retroactively to tax years beginning on or after January 1, 2018. Under Part F, the 80%
29 taxable income limitation applies to tax years beginning after 2020.

30 Part G expands the addition modification for the amount of the global intangible low-
31 taxed income deduction. For tax years beginning on or after January 1, 2020, the
32 modification is for the total amount of the foreign-derived intangible income and global
33 intangible low-taxed income deduction claimed in accordance with the Internal Revenue
34 Code, Section 250(a).