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H.P. 364 House of Representatives, February 19, 2021

An Act To Amend Maine's Corporate Income Tax by Increasing the Top Rate from 8.93 Percent to 12.4 Percent

Received by the Clerk of the House on February 17, 2021. Referred to the Committee on Taxation pursuant to Joint Rule 308.2 and ordered printed pursuant to Joint Rule 401.

Presented by Representative BROOKS of Lewiston.
Cosponsored by Representatives: COLLINGS of Portland, CRAVEN of Lewiston, GRAMLICH of Old Orchard Beach, TERRY of Gorham, Senator: CHIPMAN of Cumberland.
Be it enacted by the People of the State of Maine as follows:

Sec. 1. 36 MRSA §5200, sub-§1-A, as enacted by PL 2017, c. 474, Pt. E, §2, is amended to read:

1-A. Imposition and rate of tax beginning; tax years from 2018 to 2021. For tax years beginning on or after January 1, 2018 but not later than December 31, 2021, a tax is imposed for each taxable year at the following rates on each taxable corporation and on each group of corporations that derives income from a unitary business carried on by 2 or more members of an affiliated group:

If the income is: The tax is:
Not over $350,000 3.5% of the income
$350,000 but not over $1,050,000 $12,250 plus 7.93% of the excess over $350,000
$1,050,000 but not over $3,500,000 $67,760 plus 8.33% of the excess over $1,050,000
$3,500,000 or more $271,845 plus 8.93% of the excess over $3,500,000

In the case of an affiliated group of corporations engaged in a unitary business with activity taxable only by Maine, the rates provided in this subsection are applied only to the first $3,500,000 of the Maine net income of the entire group and must be apportioned equally among the taxable corporations unless those taxable corporations jointly elect a different apportionment. The balance of the Maine net income of the entire group is taxed at 8.93%.

In the case of an affiliated group of corporations engaged in a unitary business with activity taxable both within and without this State, the rates provided in this subsection are applied only to the first $3,500,000 of the net income of the entire group and must be apportioned equally among the taxable corporations unless those taxable corporations jointly elect a different apportionment. The balance of the net income of the entire group is taxed at 8.93%.

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

1-B. Imposition and rate of tax beginning 2022. For tax years beginning on or after January 1, 2022, a tax is imposed for each taxable year at the following rates on each taxable corporation and on each group of corporations that derives income from a unitary business carried on by 2 or more members of an affiliated group:

If the income is: The tax is:
Not over $350,000 3.5% of the income
$350,000 but not over $1,050,000 $12,250 plus 7.93% of the excess over $350,000
$1,050,000 but not over $3,500,000 $67,760 plus 8.33% of the excess over $1,050,000
$3,500,000 or more $271,845 plus 12.4% of the excess over $3,500,000

In the case of an affiliated group of corporations engaged in a unitary business with activity taxable only by Maine, the rates provided in this subsection are applied only to the first $3,500,000 of the Maine net income of the entire group and must be apportioned equally among the taxable corporations unless those taxable corporations jointly elect a different apportionment. The balance of the Maine net income of the entire group is taxed at 8.93%.
among the taxable corporations unless those taxable corporations jointly elect a different
apportionment. The balance of the Maine net income of the entire group is taxed at 12.4%.

In the case of an affiliated group of corporations engaged in a unitary business with activity
taxable both within and without this State, the rates provided in this subsection are applied
only to the first $3,500,000 of the net income of the entire group and must be apportioned
equally among the taxable corporations unless those taxable corporations jointly elect a
different apportionment. The balance of the net income of the entire group is taxed at
12.4%.

**SUMMARY**

This bill increases the income tax rate on corporations in the top income tax bracket
from 8.93% to 12.4% for tax years beginning on or after January 1, 2022.