

# MAINE STATE LEGISLATURE

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ONE - HUNDREDTH LEGISLATURE

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**Legislative Document**

**No. 1622**

H. P. 1176

House of Representatives, May 25, 1961

Reported by Mr. Baxter from Committee on Taxation. Printed under Joint Rules No. 10.

HARVEY R. PEASE, Clerk

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**STATE OF MAINE**

IN THE YEAR OF OUR LORD NINETEEN HUNDRED  
SIXTY-ONE

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**AN ACT Relating to the Amount of the Annual Excise Tax on Railroads and  
Study by Department of Economic Development**

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**Preamble.** In recognition of the significant growth and development in recent years of other forms of transportation, and the resulting impairment of the financial condition of the railroad industry in the State of Maine as established by the Public Utilities Commission and the State Supreme Court, it is declared to be the policy of the Legislature to promote the economic and industrial welfare of Maine through the encouragement of a sound system of transportation, and

It is recognized that a solvent, efficient and prosperous railroad system, capable of furnishing good freight service, adequate equipment and providing a fair and equitable rate structure is essential for this purpose, and that

Taxation of railroads operating in this State should bear a reasonable relation to the earning power and therefore to the value of property dedicated to railroad use.

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

**Sec. 1. R. S., c. 16, § 116, amended.** Section 116 of chapter 16 of the Revised Statutes is amended to read as follows:

**Sec. 116. Amount of tax.** The amount of the annual excise tax on railroads shall be ascertained as follows: The amount of the gross transportation receipts as returned to the Public Utilities Commission for the year ended on the 31st day of December preceding the levying of such tax shall be compared with the net railway operating income for that year as returned to the Public Utilities Commission; ~~when.~~ **When** the net railway operating income does not exceed

10% of the gross transportation receipts, the tax shall be an amount equal to  $3\frac{1}{4}\%$  of such gross transportation receipts; ~~when.~~ **When** the net railway operating income exceeds 10% of the gross transportation receipts but does not exceed 15%, the tax shall be an amount equal to  $3\frac{3}{4}\%$  of the gross transportation receipts; ~~when.~~ **When** the net railway operating income exceeds 15% of the gross transportation receipts but does not exceed 20%, the tax shall be an amount equal to  $4\frac{1}{4}\%$  of such gross transportation receipts; ~~when.~~ **When** the net railway operating income exceeds 20% of the gross transportation receipts but does not exceed 25%, the tax shall be an amount equal to  $4\frac{3}{4}\%$  of such gross transportation receipts; ~~when.~~ **When** the net railway operating income exceeds 25% of the gross transportation receipts, the tax shall be an amount equal to  $5\frac{1}{4}\%$  of such gross transportation receipts; ~~provided, however, that in.~~ **When net railway operating income for the preceding year is less than  $5\frac{3}{4}\%$  of investment in railway property used in transportation service, less depreciation and plus cash, including temporary cash investments and special deposits, and material and supplies, as reported by the railroad in its annual report to the Public Utilities Commission, the tax payable shall be diminished by a sum which added to said net railway operating income would equal  $5\frac{3}{4}\%$  of the investment as aforesaid; except that in any event the tax payable shall not be diminished below a minimum amount equal to  $2\frac{5}{8}\%$  of the gross transportation receipts for the year 1961 and the year 1962, and equal to 2% of the gross transportation receipts for the year 1963 and the year 1964 and equal to 1% of the gross transportation receipts for each succeeding year.** In the case of railroads operating not over 50 miles of road, the tax shall not exceed  $1\frac{3}{4}\%$  of the gross transportation receipts; and provided further, that when the net railway operating income of any narrow gauge railroad located wholly in this state exceed 5% but does not exceed 10% of its gross transportation receipts, the tax on such railroad shall be  $\frac{1}{4}$  of 1% of its gross transportation receipts; and when the net railway operating income of such railroad exceeds 10% of its gross transportation receipts, the tax shall be  $\frac{3}{4}\%$  of its gross transportation receipts; and when the net railway operating income of such a railroad does not exceed 5% of its gross transportation receipts, no excise tax shall be assessed upon it.

When a railroad lies partly within and partly without the State, or is operated as a part of a line or system extending beyond the State, the tax shall be equal to the same proportion of the gross transportation receipts in the State as herein provided, and its amount shall be determined as follows: The gross transportation receipts of such railroad, line or system, as the case may be, over its whole extent, within and without the State, shall be divided by the total number of miles operated to obtain the average gross transportation receipts per mile, and the gross transportation receipts in the State shall be taken to be the average gross transportation receipts per mile multiplied by the number of miles operated within the State, and the net railway operating income within the State shall be similarly determined.

The term "net railway operating income" means the railway operating revenues less the railway operating expenses, tax accruals and uncollectible railway revenues, including in the computation thereof debits and credits arising from equipment rents and joint facility rents. The Public Utilities Commission, after notice and hearing, may determine the accuracy of any returns required of any

railroad, and if found inaccurate, may order proper corrections to be made therein.'

**Sec. 2. R. S., c. 38-A, § 4, sub-§§ IX and X, additional.** Section 4 of chapter 38-A of the Revised Statutes, as enacted by section 1 of chapter 471 of the public laws of 1955 and as amended by section 2 of chapter 359 of the public laws of 1959, is further amended by adding 2 new subsections IX and X, to read as follows:

**IX. Transportation needs.** To undertake a comprehensive study of the transportation needs of the State which would embrace the following:

A. The potential economic growth of the State, its location, type and transportation needs;

B. The coordination of motor vehicle, bus, air and railroad transportation, intrastate and interstate;

C. The possibilities of railroad mergers to link Maine more strongly to the south and west.

**X. Railroad service, etc.** To make inquiry into the service equipment and rate structure provided by the railroads serving the State and report yearly to the Governor with respect to its findings, suggestions and any plans calculated to meet the transportation needs of the State and to improve the competitive position of its industries.'

**Sec. 3. R. S., c. 46, § 104, additional.** Chapter 46 of the Revised Statutes is amended by adding a new section 104, to read as follows:

**'Sec. 104. Capital expenditures.** All railroads operating in this State shall file a report on or before May 1st of each year with the Department of Economic Development stating capital expenditures made during the previous calendar year and specifying, with reasonable detail, the capital improvements made, including a description by type and use of new rolling stock and other equipment acquired.'