

# MAINE STATE LEGISLATURE

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FIRST SPECIAL SESSION

ONE HUNDRED AND SIXTH LEGISLATURE

Legislative Document

No. 2447

H. P. 1911

House of Representatives, January 24, 1974

On motion of Mr. Finemore of Bridgewater, Reconsidered and referred to the Committee on Taxation. Sent up for concurrence and ordered printed.

E. LOUISE LINCOLN, Clerk

Presented by Mr. Susi of Pittsfield.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED  
SEVENTY-FOUR

AN ACT to Collect Telephone and Telegraph Taxes on a Monthly Basis.

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

Sec. 1. R. S., T. 36, §§ 2681 and 2682, repealed. Sections 2681 and 2682 of Title 36 of the Revised Statutes are repealed.

Sec. 2. R. S., T. 36, § 2683, amended. Section 2683 of Title 36 of the Revised Statutes, as amended by section 3 of chapter 478 of the public laws of 1971, is further amended to read as follows:

§ 2683. Companies taxable

Every corporation, association or person operating in whole or in part a telephone or telegraph line within the State for tolls or other compensation shall pay to the State Tax Assessor, for the use of the State, an annual excise tax on its total gross operating revenue for the privilege of conducting such business within the State which tax, with the tax provided for in section 2689, is in place of all taxes upon the property of such corporation, association or person employed in such business.

Sec. 3. R. S., T. 36, § 2684, amended. Section 2684 of Title 36 of the Revised Statutes is amended to read as follows:

§ 2684. Computation; telephone companies

The amount of the annual excise tax on telephone companies shall be ascertained as follows: When the total gross operating revenues of such corporation, association or person from its or his operations within this State

during ~~the~~ a calendar year ~~preceding the year for which the tax is assessed on such corporation, association or person~~ exceed \$1,000 and do not exceed \$5,000, the tax shall be  $1\frac{1}{4}\%$  of such total gross operating revenues; when such total gross operating revenues exceed \$5,000 and do not exceed \$10,000, the tax shall be  $1\frac{1}{2}\%$  of such total gross operating revenues; when such total gross operating revenues exceed \$10,000 and do not exceed \$20,000, the tax shall be  $1\frac{3}{4}\%$  of such total gross operating revenues; when such total gross operating revenues exceed \$20,000 and do not exceed \$40,000, the tax shall be 2% of such total gross operating revenues; and so on, increasing the rate of tax  $\frac{1}{4}$  of 1% for each additional \$20,000 or fractional part thereof, of such total gross operating revenues, provided that the rate shall in no event exceed 7% of such total gross operating revenues.

**Sec. 4. R. S., T. 36, § 2685, amended.** Section 2685 of Title 36 of the Revised Statutes is amended to read as follows:

**§ 2685. —telegraph companies**

The amount of the annual excise tax on telegraph companies shall be 6% of its total gross operating revenues from its operations within this State during ~~the~~ a calendar year ~~preceding the year for which the tax is assessed~~.

**Sec. 5. R. S., T. 36, § 2686, repealed.** Section 2686 of Title 36 of the Revised Statutes is repealed.

**Sec. 6. R. S., T. 36, § 2687, repealed and replaced.** Section 2687 of Title 36 of the Revised Statutes is repealed and the following enacted in place thereof:

**§ 2687. Payment of tax; lien**

Telephone and telegraph companies shall, not later than the last day of each month, render a return to the State Tax Assessor reporting the gross operating revenue for the preceding calendar month on forms furnished by the State Tax Assessor. At the time of filing such returns each telephone and telegraph company shall pay to the State Tax Assessor the amount of tax shown due and the State Tax Assessor shall pay over all receipts daily to the Treasurer of State.

Any corporation, association or person who neglects to make returns or pay the amount of tax shown due shall be liable to a penalty of \$5 a day for each day in arrears, or  $\frac{1}{2}$  of 1% of tax liability, whichever is greater, together with interest at the rate of  $\frac{1}{2}\%$  per month or fraction thereof, due on demand by the State Tax Assessor and recoverable in a civil action. The State Tax Assessor may waive penalty for cause.

A final reconciliation return shall be filed on or before March 31st covering the prior calendar year. Any corporation, association or person who at the time of filing its reconciliation return understated its reported liability by more than 10% shall be liable to a penalty of 25% of such understated liability due on demand by the State Tax Assessor and recoverable in a civil action.

Telephone companies with annual tax liability not exceeding \$1,000 may, with approval of the State Tax Assessor, file an annual return with payment on the last day of February each year covering the prior calendar year.

The tax, penalty and interest shall be a lien on the property of such corporation and on its franchise and upon the property used in operating a telephone or telegraph business by any such association or person and takes precedence over all other liens.

Sec. 7. R. S., T. 36, § 2688-A, additional. Title 36 of the Revised Statutes is amended by adding a new section 2688-A to read as follows:

#### § 2688-A. Penalty

Any officer, agent or employee of a telephone and telegraph company who willfully violates any provision of this chapter shall be punished by a fine of not less than \$100 nor more than \$500 for each offense, to be recovered by indictment to the use of the State.

Sec. 8. Effective date. This Act shall become effective July 1, 1974, except that the first return due July 31, 1974, shall cover the period January 1, 1974 to June 30, 1974.

#### FISCAL NOTE

Enactment of the bill would advance the date of payment of telephone and telegraph taxes and would result in an estimated increase in General Fund revenue for the fiscal year ending June 30, 1975 amounting to \$3,000,000.

There would be payable in that fiscal year not only tax on gross receipts for the calendar year 1974, but also tax on such receipts for the first 5 months of 1975.

#### STATEMENT OF FACT

This bill is based upon Recommendation No. 5, Bureau of Taxation, of the Maine Management and Cost Survey Report, and is explained as follows on page 22 of the report:

“Recommendation No. 5: Collect telephone and telegraph taxes on a monthly basis.

Telephone and telegraph companies are taxed on gross receipts received from customers during the calendar year and the levy is payable by June 1. Inasmuch as this tax is similar to the sales tax, it should be paid monthly, and calculation and billing functions performed by the bureau discontinued.

Monthly taxes paid by telephone company subscribers are held by the utility for 5 to 16 months before they are paid to the State, the average delay in payment being 10.5 months. Implementation will accelerate payments to the State, reduce the average outstanding months from 10.5 to 1 and enable the State to invest the proceeds earlier. Additional annual earnings of \$332,000 will be realized from the investment of the equivalent of \$7.1 millions at an assumed rate of 6% for an average of 9.5 months.”

This Act was supported by the Governor in his Special Message to the Special Session of the 106th Legislature on January 10, 1974.