

MAINE STATE LEGISLATURE

The following document is provided by the
LAW AND LEGISLATIVE DIGITAL LIBRARY
at the Maine State Law and Legislative Reference Library
<http://legislature.maine.gov/lawlib>



Reproduced from scanned originals with text recognition applied
(searchable text may contain some errors and/or omissions)

ONE HUNDRED AND SEVENTH LEGISLATURE

Legislative Document

No. 158

H. P. 125

House of Representatives, January 9, 1975

Referred to Committee on Taxation. Sent up for concurrence and ordered printed.

EDWIN H. PERT, Clerk

Presented by Mr. Maxwell of Jay.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SEVENTY-FIVE

AN ACT Relating to Amount of Annual Excise Tax on Railroads.

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

Sec. 1. 36 MRSA, § 2624, first ¶, as amended by PL 1971, c. 549, is further amended by adding a new sentence at the end to read:

For the purpose of this chapter, income restricted by the Interstate Commerce Commission and not available for general railroad corporate purposes shall be deducted from net railway operating income.

Sec. 2. Effective date. This Act shall be effective commencing with the tax return filed in 1975 for the calendar year 1974.

STATEMENT OF FACT

The Interstate Commerce Commission presently restricts 2 forms of railroad income, incentive per diem and a portion of a recent freight rate increase. In each case the income is not available for general railroad corporate purposes and cannot be used for dividends, bonds interest or benefit of owners or creditors.

Incentive per diem charges are additional charges added to the basic per diem (daily rental) charges paid by railroads for the use of boxcars owned by other railroads. The Interstate Commerce Commission has prescribed the amount of incentive per diem charges and has restricted the use of net incentive per diem income to the specific purpose of purchasing, building or re-

building new unequipped boxcars. In 1974 the Interstate Commerce Commission ordered that a portion of a recent freight rate increase not be available for general corporate purposes and be restricted in use to delayed capital improvements and for reducing deferred maintenance of plant and equipment in order to improve rail service to shippers. Payment of greater taxes resulting from inclusion of restricted income in net railway operating income will defeat the whole purpose of incentive per diem and the restricted rate increase; namely, to increase the national boxcar fleet and to provide better service to shippers respectively.

The purpose of this bill is to retain revenue for the State from railroad excise taxes at the level and under the formula in effect before the above-stated Interstate Commerce Commission orders.