

MAINE STATE LEGISLATURE

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(New draft of H. P. 125, L. D. 158)

ONE HUNDRED AND SEVENTH LEGISLATURE

Legislative Document

No. 1740

H. P. 1494

House of Representatives, April 14, 1975

Reported by Majority from Committee on Taxation. Printed under Joint Rules No. 18.

EDWIN H. PERT, Clerk

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.

FISCAL NOTE

Passage of this legislation will result in the elimination of \$619,000 in excise tax to the State of Maine, resulting from certain rulings by the Interstate Commerce Commission.

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, bond 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 rebuilding 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.