

MAINE STATE LEGISLATURE

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FIRST SPECIAL SESSION

ONE HUNDRED AND SEVENTH LEGISLATURE

Legislative Document

No. 2179

H. P. 2003

House of Representatives, February 5, 1976

Reported by Mr. Maxwell from Committee on Taxation pursuant to H. P. 1518 and printed under Joint Rule 3.

EDWIN H. PERT, Clerk

(Joint Interim Committee on Railroad Excise Taxation pursuant to H. P. 1518.)

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SEVENTY-SIX

AN ACT to Remove the Minimum Mandatory Tax from the Railroad
Excise Tax Formula.

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

Sec. 1. 36 MRSA § 2623, as last amended by PL 1973, c. 268, § 2, is further amended to read:

§ 2623. Excise Tax

Every corporation, person or association operating any railroad in the State under lease or otherwise shall pay **when revenues justify** to the State Tax Assessor, for the use of the State, an annual excise tax for the privilege of exercising its franchises and the franchises of its leased roads in the State, which, with the tax provided for in section 561, is in place of all taxes upon the property of such railroad.

Sec. 2. 36 MRSA § 2624, next to last sentence of 1st ¶, as amended by PL 1971, c. 549, is further amended to read:

When net railway operating income for the preceding year is less than 5¾% 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 5¾% of the investment as aforesaid; ~~except that in any event the tax payable shall~~

not be diminished below a minimum amount equal to 1% of the gross transportation receipts for the year 1971 and equal to 9/10 of 1% of the gross transportation receipts for the year 1972 and equal to 1/4 of 1% of the gross transportation receipts for each succeeding year.

STATEMENT OF FACT

The purpose of this bill is to remove the minimum mandatory tax floor from the current railroad excise tax formula. The effect would be that any year a railroad's rate of return on their investment was particularly poor, there would be no taxes owed.

The current excise tax formula features a graduated rate and this removal of its floor would more accurately reflect a railroad's ability to pay.