

MAINE STATE LEGISLATURE

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1 FIRST REGULAR SESSION
2

3 ONE HUNDRED AND ELEVENTH LEGISLATURE
4

5 Legislative Document

No. 79

6
7 H.P. 74

House of Representatives, January 5, 1983

8 Reference to the Committee on Taxation suggested and ordered printed.

9 EDWIN H. PERT, Clerk

10 Presented by Representative Kelleher of Bangor.

Cosponsors: Senator Wood of York and Representative Manning of
Portland.

11
12 STATE OF MAINE
13

14 IN THE YEAR OF OUR LORD
15 NINETEEN HUNDRED AND EIGHTY-THREE
16

17 AN ACT Concerning the Rate of Return on
18 Investment Factor under the Railroad
19 Excise Tax.
20

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

23 36 MRSA §2624, first ¶, as amended by PL 1981, c.
24 682, §§1 and 2, is further amended to read:

25 The amount of the annual excise tax on railroads
26 shall be ascertained as follows: The amount of the
27 gross transportation receipts as returned to the
28 Public Utilities Commission for the year ended on the
29 31st day of December preceding the levying of such
30 tax shall be compared with the net railway operating
31 income for that year as returned to the Public Utili-
32 ties Commission. When the net railway operating
33 income does not exceed 10% of the gross transporta-

1 tion receipts, the tax shall be an amount equal to 3
2 1/4% of such gross transportation receipts. When the
3 net railway operating income exceeds 10% of the gross
4 transportation receipts but does not exceed 15%, the
5 tax shall be an amount equal to 3 3/4% of the gross
6 transportation receipts. When the net railway oper-
7 ating income exceeds 15% of the gross transportation
8 receipts but does not exceed 20%, the tax shall be an
9 amount equal to 4 1/4% of such gross transportation
10 receipts. When the net railway operating income
11 exceeds 20% of the gross transportation receipts but
12 does not exceed 25%, the tax shall be an amount equal
13 to 4 3/4% of such gross transportation receipts.
14 When the net railway operating income exceeds 25% of
15 the gross transportation receipts, the tax shall be
16 an amount equal to 5 1/4% of such gross transporta-
17 tion receipts. The tax shall be decreased by the
18 amount by which 5 3/4% of operating investment
19 exceeds net railway operating income but shall in no
20 event be decreased below a minimum amount equal to
21 1/4 of 1% of gross transportation receipts. For pur-
22 poses of this section, "operating investment" means
23 investment in railway property used in transportation
24 service (less depreciation) plus cash (including
25 temporary cash investments and special deposits) plus
26 material and supplies, all as reported by the rail-
27 road in its annual report to the Public Utilities
28 Commission. For purposes of railroad excise taxes
29 payable in 1980 through 1983, based upon operations
30 for the calendar years 1979 through 1982, "operating
31 investment" shall also include freight car operating
32 leases of 10 years or more, valued at cost less
33 straight-line depreciation over the initial term of
34 the lease. In the case of railroads operating not
35 over 50 miles of road, the tax shall not exceed 1
36 3/4% of the gross transportation receipts.

37 STATEMENT OF FACT

38 The purpose of this bill is to make permanent the
39 inclusion of long-term freight car leases in the def-
40 inition of operating investment for calculation of
41 the railroad excise tax. This provision was enacted

1 by the 109th Legislature to be effective for 2 years
2 and by the 110th Legislature, First Regular Session,
3 to be effective for one year.

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