

MAINE STATE LEGISLATURE

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1 FIRST REGULAR SESSION
2

3 ONE HUNDRED AND ELEVENTH LEGISLATURE
4

5 Legislative Document

No. 278

6
7 H.P. 230

House of Representatives, January 25, 1983

8 Received by the Clerk of the House on January 25, 1983. Referred to the
9 Committee on Taxation, and ordered printed pursuant to Joint Rule 14.

10 EDWIN H. PERT, Clerk

11 Presented by Representative Kelleher of Bangor.

Cosponsors: Senator Wood of York, Representative Manning of Portland
and Representative Brown of Bethel.

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 Excise
19 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,
24 c. 682, §§1 and 2, is further amended to read:

25 The amount of the annual excise tax on rail-
26 roads shall be ascertained as follows: The amount of
27 the 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 the tax shall be compared with the net railway oper-
31 ating income for that year as returned to the Public
32 Utilities Commission. When the net railway operating
33 income does not exceed 10% of the gross transporta-
34 tion receipts, the tax shall be an amount equal to 3

1 1/4% of such the gross transportation receipts. When
2 the net railway operating income exceeds 10% of the
3 gross transportation receipts, but does not exceed
4 15%, the tax shall be an amount equal to 3 3/4% of
5 the gross transportation receipts. When the net
6 railway operating income exceeds 15% of the gross
7 transportation receipts, but does not exceed 20%, the
8 tax shall be an amount equal to 4 1/4% of such the
9 gross transportation receipts. When the net railway
10 operating income exceeds 20% of the gross transporta-
11 tion receipts, but does not exceed 25%, the tax
12 shall be an amount equal to 4 3/4% of such the gross
13 transportation receipts. When the net railway oper-
14 ating income exceeds 25% of the gross transportation
15 receipts, the tax shall be an amount equal to 5 1/4%
16 of such the gross transportation receipts. The tax
17 shall be decreased by the amount by which 5 3/4% of
18 operating investment exceeds net railway operating
19 income, but shall in no event be decreased below a
20 minimum amount equal to 1/4 of 1% of gross trans-
21 portation receipts. For purposes of this section,
22 "operating investment" means investment in railway
23 property used in transportation service (less depre-
24 ciation) plus cash (including temporary cash invest-
25 ments and special deposits) plus material and sup-
26 plies, all as reported by the railroad in its annual
27 report to the Public Utilities Commission. For pur-
28 poses of railroad excise taxes payable in 1980
29 through 1983, based upon operations for the calendar
30 years 1979 through 1982, "operating investment" shall
31 also include freight car operating leases of 10 years
32 or more, valued at cost less straight-line deprecia-
33 tion over the initial term of the lease. In the case
34 of railroads operating not over 50 miles of road, the
35 tax shall not exceed 1 3/4% of the gross transporta-
36 tion 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
42 by the 109th Legislature to be effective for 2
43 years and by the 110th Legislature, First Regular
44 Session, to be effective for one year. This bill

1 also removes reference to the Public Utilities Com-
2 mission as railroads are no longer under the juris-
3 diction of the commission.

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