

# MAINE STATE LEGISLATURE

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1 (New Draft of H.P. 230, L.D. 278)

2 FIRST REGULAR SESSION  
3

4 ONE HUNDRED AND ELEVENTH LEGISLATURE  
5

6 Legislative Document

No. 1708

8 H.P. 1288

House of Representatives, May 27, 1983

9 Reported by Representative Higgins from the Committee on Taxation and  
10 printed under Joint Rule 2.

11 Original bill presented by Representative Kelleher of Bangor.  
Cosponsored by Senator Wood of York, Representative Manning of Portland  
and Representative Brown of Bethel.

EDWIN H. PERT, Clerk

12  
13 STATE OF MAINE  
14

15 IN THE YEAR OF OUR LORD  
16 NINETEEN HUNDRED AND EIGHTY-THREE  
17

18 AN ACT Concerning the Rate of Return on  
19 Investment Factor Under the Railroad Excise  
20 Tax.  
21

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

24 Sec. 1. 36 MRSA §2621-A is enacted to read:

25 §2621-A. Definitions

26 As used in this chapter, unless the context indi-  
27 cates otherwise, the following terms have the follow-  
28 ing meanings.

29 1. Net railway operating income. "Net railway  
30 operating income" means railway operating revenues,  
31 including debits and credits arising from equipment  
32 rents and joint facility rents, less railway oper-  
33 ating expenses, tax accruals and uncollectible  
34 railway revenues.

1           2. Operating investment. "Operating investment"  
2 means investment in railway property used in trans-  
3 portation service, less depreciation, plus cash,  
4 including temporary cash investments and special  
5 deposits, plus material and supplies plus freight car  
6 operating leases of 10 years or more, valued at cost  
7 less straight-line depreciation over the initial term  
8 of the lease.

9           Sec. 2. 36 MRSA §2624, first ¶, as amended by PL  
10 1981, c. 682, §§1 and 2, is further amended to read:

11           The amount of the annual excise tax on railroads  
12 shall be ascertained as follows: The amount of the  
13 gross transportation receipts ~~as returned to the~~  
14 ~~Public Utilities Commission~~ for the year ended on the  
15 31st day of December preceding the levying of ~~such~~  
16 ~~the~~ tax shall be compared with the net railway oper-  
17 ating income for that year ~~as returned to the Public~~  
18 ~~Utilities Commission~~. When the net railway operating  
19 income does not exceed 10% of the gross transporta-  
20 tion receipts, the tax shall be an amount equal to 3  
21 1/4% of ~~such~~ the gross transportation receipts. When  
22 the net railway operating income exceeds 10% of the  
23 gross transportation receipts, but does not exceed  
24 15%, the tax shall be an amount equal to 3 3/4% of  
25 the gross transportation receipts. When the net  
26 railway operating income exceeds 15% of the gross  
27 transportation receipts, but does not exceed 20%, the  
28 tax shall be an amount equal to 4 1/4% of ~~such~~ ~~the~~  
29 gross transportation receipts. When the net railway  
30 operating income exceeds 20% of the gross transporta-  
31 tion receipts, but does not exceed 25%, the tax shall  
32 be an amount equal to 4 3/4% of ~~such~~ ~~the~~ gross trans-  
33 portation receipts. When the net railway operating  
34 income exceeds 25% of the gross transportation  
35 receipts, the tax shall be an amount equal to 5 1/4%  
36 of such gross transportation receipts. The tax shall  
37 be decreased by the amount by which 5 3/4% of oper-  
38 ating investment exceeds net railway operating income  
39 but shall in no event be decreased below a minimum  
40 amount equal to 1/4 of 1% of gross transportation  
41 receipts. For purposes of this section, "operating  
42 investment" means investment in railway property used  
43 in transportation service (less depreciation) plus  
44 cash (including temporary cash investments and spe-  
45 cial deposits) plus material and supplies, all as

1 reported by the railroad in its annual report to the  
2 Public Utilities Commission. For purposes of rail-  
3 road excise taxes payable in 1980 through 1983, based  
4 upon operations for the calendar years 1979 through  
5 1982, "operating investment" shall also include  
6 freight car operating leases of 10 years or more,  
7 valued at cost less straight-line depreciation over  
8 the initial term of the lease. In the case of rail-  
9 roads operating not over 50 miles of road, the tax  
10 shall not exceed 1 3/4% of the gross transportation  
11 receipts.

12 Sec. 3. 36 MRSa §2624, 3rd ¶ is amended to  
13 read:

14 The term "net railway operating income" means the  
15 railway operating revenues less the railway operating  
16 expenses, tax accruals and uncollectible railway  
17 revenues, including in the computation thereof debits  
18 and credits arising from equipment rents and joint  
19 facility rents. The Public Utilities Commission,  
20 after notice and hearing, may determine the accuracy  
21 of any returns required of any railroad, and if found  
22 inaccurate, may order proper corrections to be made  
23 therein.

24 FISCAL NOTE

25 It is estimated that enactment of this bill will  
26 result in the following loss of General Fund Revenue:

27	<u>1983-84</u>	<u>1984-85</u>
28 General Fund	\$35,000	\$600,000

29 STATEMENT OF FACT

30 This new draft reorganizes the provisions of the  
31 original bill for greater clarity and adds a fiscal  
32 note.

33 4061052183