

MAINE STATE LEGISLATURE

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L.D. 1643

(Filing No. H- 433)

STATE OF MAINE
HOUSE OF REPRESENTATIVES
112TH LEGISLATURE
FIRST REGULAR SESSION

COMMITTEE AMENDMENT "b" to H.P. 1137, L.D. 1643, Bill, "AN ACT to Provide a Sales Tax Exemption on Railroad Track Equipment and to Include Long-term Freight Car Leases in the Definition of Operating Investment for Railroad Excise Tax Purposes."

Amend the bill by striking out all of the title and inserting in its place the following:

'AN ACT Relating to the Railroad Excise Tax.'

Further amend the bill by striking out everything after the enacting clause and inserting in its place the following:

'Sec. 1. 36 MRSA §1760, sub-§51 is enacted to read:

51. Railroad track materials. Railroad track materials purchased and installed on railroad lines located within the boundaries of the State. The track materials shall include rail, ties, ballast, joint bars and associated materials, such as bolts, nuts, tie plates, spikes, culverts, steel, concrete or stone, switch stands, switch points, frogs, switch ties, bridge ties and bridge steel.

Sec. 2. 36 MRSA §2621-A, sub-§2, as amended by PL 1983, c. 593, §1, is further amended to read:

2. Operating investment. "Operating investment" means investment in railway property used in transportation service, less depreciation, plus cash, including temporary cash investments and special deposits, plus material and supplies. For purposes of railroad excise taxes payable in ~~1984 and 1985~~ 1986, based upon operations for the calendar years ~~1983 and~~

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1 1984, ~~respectively~~ year 1985, "operating investment"
2 also includes freight car operating leases of 10
3 years or more, valued at cost less straight-line de-
4preciation over the initial term of the lease.

5 In order for a taxpayer to qualify for the inclusion
6 of freight car operating leases in operating invest-
7 ment as provided in this subsection, the taxpayer may
8 not require any landowner to pay any fee or charge
9 for maintenance or repair or to assume liability for
10 crossings or rights-of-way if the landowner was not
11 required to do so prior to July 1, 1981, and the tax-
12 payer must continue to maintain crossings and rights-
13 of-way which it was required to maintain on that date
14 and may not remove the crossings if there is any ob-
15 jection to their being removed.

16 Sec. 3. Study. The Joint Standing Committee on
17 Taxation shall study the railroad excise tax, includ-
18 ing the treatment of long-term freight car leases and
19 shall submit a report to the Second Regular Session
20 of the 112th Legislature, containing recommendations
21 for any necessary changes in the tax, including per-
22 manent retention of the treatment of long-term
23 freight car leases.

24 Sec. 4. Appropriation. The following funds are
25 appropriated from the General Fund to carry out the
26 purposes of this Act.

27		<u>1985-86</u>
28	<u>LEGISLATURE</u>	
29	Legislature	
30	Personal Services	\$1,950
31	All Other	<u>4,675</u>
32	Total	\$6,625

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FISCAL NOTE

2

It is estimated that enactment of this bill will result in the following effect on revenues.

3

4

1985-86

5

GENERAL FUND

6

Rail track materials

\$180,000

7

Freight car leases

300,000

8

Total

\$480,000'

9

STATEMENT OF FACT

10

This amendment extends for one year the beneficial treatment accorded railroads with regard to long-term freight car leases. It provides that in order to qualify for that treatment, the railroad may not require a landowner to maintain or assume liability for a crossing if the landowner was not required to do so on July 1, 1981, nor may the railroad remove the crossing. It also requires a study by the Joint Standing Committee on Taxation regarding the railroad excise tax. The committee would be required to report to the Second Regular Session of the 112th Legislature.

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Reported by the Minority of the Committee on Taxation
Reproduced and distributed under the direction of the
Clerk of the House

6/17/85

(Filing No. H-433)