## MAINE STATE LEGISLATURE

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	FIRST REGULA	AR SESSION	
ONE	HUNDRED AND TW	ELFTH LEGISL	ATURE
Legislative Docum	nent		No. 1643
H.P. 1137	H	louse of Represen	tatives, June 4, 1985
	Committee on Taxat dered sent forthwith.		concurrence and
		EDW	VIN H. PERT, Clerk
Cosponsored by	sentative Manning of y Representative Meleresentative Jackson o	endy of Rockland	, Senator Twitchell
	STATE OF	MAINE	
NIN	IN THE YEAR O		IVE
on Railr Long-term	to Provide a Soud Track Equip Freight Car Lesting Investmen Tax Purp	pment and to ases in the t for Railro	Include Definition
Be it enacted follows:	by the People	of the Stat	e of Maine as
Sec. 1. read:	36 MRSA §1760	0, sub-§48	is enacted to
als purchased within the bo al shall cons and associat plates, spike switch stands	track material and installed undaries of the ist of rail, the deduction of the ist of th	on railroad e State. The ies, ballast such as bo steel, conc ts, frogs,	lines located track materi- , joint bars lts, nuts, tie rete or stone,
Sec. 2. PL 1983, c. 5	36 MRSA §2623 93, §1, is fur	1-A, sub-§2, ther amended	as amended by 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, plus freight car operating leases of 10 years or more, valued at cost less straight-line depreciation over the initial terms of the lease. For purposes of railroad excise taxes payable in 1984 and 1985, based upon operations for the calendar years 1983 and 1984, respectively, "operating investment" also includes freight car operating leases of 10 years or more, valued at cost less straight-line depreciation over the initial term of the lease.

## STATEMENT OF FACT

This is one of 4 bills submitted for the purpose of implementing recommendations made by the Governor's Committee on Rail Policy. The committee has developed several recommendations which have been submitted to the Governor and the Legislature and are designed to provide assistance to the rail industry in response to existing and developing rail transportation problems.

The recommendation contained in section 1 exempts track material, which includes ties, ballast and joints, etc., from the application of the sales tax and thereby results in more equitable treatment of the rail carriers in providing and maintaining their own roadways which are now paid for 100% by the carriers themselves. It is estimated that this exemption will result in the reduction of the sales tax payments to the State by the railroads of \$180,000 annually.

Section 2 is intended to make permanent the present provisions of the Maine Revised Statutes, Title 36 which allow the inclusion of freight car operating leases of 10 years or more in the definition "operating investment" for railroad excise tax purposes. These provisions already exist but are due to expire in 1985. It is the committee's opinion that these provisions will provide some measure of relief to the railroad industry without resulting in a loss of current revenue to the State.

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