

MAINE STATE LEGISLATURE

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1 SECOND REGULAR SESSION
2

3 ONE HUNDRED AND TWELFTH LEGISLATURE
4

5 Legislative Document

No. 1974

6
7 H.P. 1400

House of Representatives, February 7, 1986

8 Reported by Representative Cashman from the Committee on Taxation
pursuant to Public Law 1985, Chapter 477, Section 3.

9 Reference to the Joint Standing Committee on Taxation suggested and
printing ordered under Joint Rule 18.
10

EDWIN H. PERT, Clerk

11
12 STATE OF MAINE
13

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

17 AN ACT Concerning the Railroad Excise Tax.
18

19 Be it enacted by the People of the State of Maine as
20 follows:

21 Sec. 1. 36 MRSA §2621-A, sub-§2, as amended by
22 PL 1985, c. 477, §2, is further amended to read:

23 2. Operating investment. "Operating investment"
24 means investment in railway property used in trans-
25 portation service, less depreciation, plus cash, in-
26 cluding temporary cash investments and special depos-
27 its, plus material and supplies. For purposes of
28 railroad excise taxes payable in 1986, based upon op-
29 erations for the calendar year 1985, "operating in-
30 vestment" also includes freight car operating leases
31 of 10 years or more, valued at cost less
32 straight-line depreciation over the initial term of
33 the lease.

34 Sec. 2. 36 MRSA §2624, as amended by PL 1983, c.
35 571, §§6 and 7, is further amended to read:

1 §2624. Amount of Tax

2 The amount of the annual excise tax on railroads
3 shall be ascertained as follows: The amount of the
4 gross transportation receipts for the year ended on
5 the 31st day of December preceding the levying of the
6 tax shall be compared with the net railway operating
7 income for that year. When the net railway operating
8 income does not exceed 10% of the gross transporta-
9 tion receipts, the tax shall be an amount equal to ~~3~~
10 ~~1/4%~~ 3% of the gross transportation receipts. When
11 the net railway operating income exceeds 10% of the
12 gross transportation receipts but does not exceed
13 15%, the tax shall be an amount equal to ~~3~~ 3 3/4% ~~3~~
14 1/2% of the gross transportation receipts. When the
15 net railway operating income exceeds 15% of the gross
16 transportation receipts but does not exceed 20%, the
17 tax shall be an amount equal to ~~4~~ 4 1/4% ~~4%~~ of ~~such the~~
18 gross transportation receipts. When the net railway
19 operating income exceeds 20% of the gross transporta-
20 tion receipts but does not exceed 25%, the tax shall
21 be an amount equal to ~~4~~ 4 3/4% ~~4 1/2%~~ of the gross
22 transportation receipts. When the net railway oper-
23 ating income exceeds 25% of the gross transportation
24 receipts, the tax shall be an amount equal to ~~5~~ 5 1/4%
25 5% of the gross transportation receipts. The tax
26 shall be decreased by the amount by which ~~5~~ 5 3/4% of
27 operating investment exceeds net railway operating
28 income but shall in no event be decreased below a
29 minimum amount equal to 1/4 of 1% of gross transpor-
30 tation receipts. In the case of railroads operating
31 not over 50 total miles of road, the tax shall not
32 exceed ~~1~~ 3/4% of the gross transportation receipts.

33 When a railroad lies partly within and partly
34 without the State, or is operated as a part of a line
35 or system extending beyond the State, the tax shall
36 be equal to the same proportion of the gross trans-
37 portation receipts in the State, and its amount shall
38 be determined as follows: The gross transportation
39 receipts of ~~such the~~ railroad, line or system, ~~as the~~
40 ~~case may be,~~ over its whole extent, within and with-
41 out the State, shall be divided by the total number
42 of miles operated to obtain the average gross trans-
43 portation receipts per mile, and the gross transpor-
44 tation receipts in the State shall be taken to be the
45 average gross transportation receipts per mile multi-

1 plied by the number of miles operated within the
2 State, and the net railway operating income and oper-
3 ating investment within the State shall be similarly
4 determined.

5 The State Tax Assessor, after notice and hearing,
6 may determine the accuracy of any returns required of
7 any railroad, and if found inaccurate, may order
8 proper corrections to be made therein.

9 STATEMENT OF FACT

10 This bill implements the recommendations of the
11 study of the Joint Standing Committee on Taxation of
12 the railroad excise tax pursuant to Public Law 1985,
13 chapter 477. This bill is intended to reduce the
14 railroad excise tax rates by 1/4 of 1% in each brack-
15 et and to discontinue the temporary inclusion of
16 freight car operating leases in "operating invest-
17 ment." The remaining technical amendments repeal
18 language relating to administrative audit of tax re-
19 turns, which is now superfluous because of the uni-
20 form assessment provisions under the Maine Revised
21 Statutes, Title 36, section 141. The bill also clar-
22 ifies the statutory language to reflect long-standing
23 administrative interpretations that the 1 3/4% maxi-
24 mum rate applies only to railroads which operate no
25 more than 50 miles of total track and not to larger
26 railroads which operate no more than 50 miles in this
27 State and that operating investment, as well as gross
28 transportation receipts and net railway operating in-
29 come, should be apportioned as part of the tax compu-
30 tation.

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