

MAINE STATE LEGISLATURE

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(New Draft of H.P. 1398, L.D. 1972)
(New Title)
SECOND REGULAR SESSION

ONE HUNDRED AND TWELFTH LEGISLATURE

Legislative Document No. 2182.

H.P. 1545 House of Representatives, March 13, 1986
Reported by the Majority from the Committee on Labor and printed
under Joint Rule 2. Original bill submitted by the Joint Standing Committee
on Taxation pursuant to Public Law 1985, chapter 477, section 3.

EDWIN H. PERT, Clerk

STATE OF MAINE

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

AN ACT Concerning the Railroad Excise Tax.

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

Sec. 1. 36 MRSA §2621-A, sub-§2, as amended by PL 1985, c. 477, §2, 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 1986, based upon operations for the calendar year 1985, "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.

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

3 §2624. Amount of tax

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

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

1 portation receipts per mile, and the gross transpor-
2 tation receipts in the State shall be taken to be the
3 average gross transportation receipts per mile multi-
4 plied by the number of miles operated within the
5 State, and the net railway operating income and oper-
6 ating investment within the State shall be similarly
7 determined.

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

12 FISCAL NOTE

13 It is estimated that this new draft will result
14 in a reduction in General Fund revenues in fiscal
15 year 1986-87 in the amount of \$100,000.

16 STATEMENT OF FACT

17 This new draft reduces the railroad excise tax
18 rates by 1/4 of 1% in each bracket and discontinues
19 the temporary inclusion of freight car operating
20 leases in "operating investment." The remaining tech-
21 nical amendments repeal language relating to adminis-
22 trative audit of tax returns, which is now
23 superfluous because of the uniform assessment provi-
24 sions under the Maine Revised Statutes, Title 36,
25 section 141. The new draft also clarifies the statu-
26 tory language to reflect long-standing administrative
27 interpretations that the 1 3/4% maximum rate applies
28 only to railroads which operate no more than 50 miles
29 of total track and not to larger railroads which op-
30 erate no more than 50 miles in Maine and that operat-
31 ing investment, as well as gross transportation re-
32 cepts and net railway operating income, should be
33 apportioned as part of the tax computation.

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