

# MAINE STATE LEGISLATURE

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(EMERGENCY)  
FIRST REGULAR SESSION

ONE HUNDRED AND THIRTEENTH LEGISLATURE

Legislative Document

NO. 1295

H.P. 966 House of Representatives, April 21, 1987  
Reference to the Committee on Taxation suggested and  
ordered printed.

EDWIN H. PERT, Clerk  
Presented by Representative JACKSON of Harrison.  
Cosponsored by Representatives WEBSTER of Cape Elizabeth,  
McGOWAN of Canaan, and Senator CLARK of Cumberland.

STATE OF MAINE

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

1 AN ACT to Repeal the Gross Receipts Tax on  
2 Telecommunications Services.  
3

4 Emergency preamble. Whereas, Acts of the Legis-  
5 lature do not become effective until 90 days after  
6 adjournment unless enacted as emergencies; and

7 Whereas, the telecommunications industry faces  
8 grave, severe consequences if major telephone users  
9 withdraw from local networks which provide services  
10 to all Maine citizens; and

11 Whereas, the withdrawal of major telephone users  
12 from local networks would create an undue burden on  
13 local telecommunication ratepayers; and

1           Whereas, a strong telecommunications industry is  
2 a critical element in a sound economy for the State  
3 of Maine; and

4           Whereas, in the judgment of the Legislature,  
5 these facts create an emergency within the meaning of  
6 the Constitution of Maine and require the following  
7 legislation as immediately necessary for the preser-  
8 vation of the public peace, health and safety; now,  
9 therefore,

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

12           Sec. 1. 36 MRSA §2692, as enacted by PL 1985, c.  
13 651, §2, is amended by adding at the end a new para-  
14 graph:

15           Notwithstanding this section, for tax years be-  
16 ginning after 1987, the total amount of tax may not  
17 exceed the total amount of tax received by the State  
18 under this section on July 1, 1987. The State Tax  
19 Assessor shall reduce the maximum rate of 7% to a  
20 rate which will result in no person paying a greater  
21 amount than his proportional share of the total  
22 amount.

23           Sec. 2. 36 MRSA §2692-A is enacted to read:

24           §2692-A. Rate of gross operating revenue

25           The rate of tax on gross operating revenue from  
26 interstate telecommunications services shall be:

27	<u>Effective July 1, 1987</u>	<u>7%</u>
28	<u>Effective July 1, 1989</u>	<u>6%</u>
29	<u>Effective July 1, 1990</u>	<u>4%</u>
30	<u>Effective July 1, 1991</u>	<u>2%</u>
31	<u>Effective July 1, 1992</u>	<u>0%</u>

32           Emergency clause. This Act shall take effect  
33 when approved.

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STATEMENT OF FACT

2           Telecommunication services are of critical impor-  
3           tance to every section of this State. In order to  
4           maintain and further develop a system competitive  
5           with that in other parts of the country, the gross  
6           receipts tax is removed from telecommunications ser-  
7           vices. Gross receipts taxes will be capped at the  
8           rate payable July 1, 1987. The gross receipts tax  
9           will be phased out over a period of 5 years. This  
10          new method of taxation would discourage system by-  
11          pass, a phenomenon which could seriously hinder the  
12          development of Maine's telecommunications system.

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