

MAINE STATE LEGISLATURE

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(Governor's Bill)
FIRST REGULAR SESSION

ONE HUNDRED AND THIRTEENTH LEGISLATURE

Legislative Document

NO. 1477

H.P. 1086 House of Representatives, May 8, 1987
Reference to the Committee on Taxation suggested and
ordered printed.

EDWIN H. PERT, Clerk
Presented by Representative CASHMAN of Old Town.
Cosponsored by Representatives ZIRNKILTON of Mount
Desert, INGRAHAM of Houlton and Senator CLARK of Cumberland.

STATE OF MAINE

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

AN ACT to Change the Basis of
Telecommunication Taxation.

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

Sec. 1. 36 MRSA §457 is enacted to read:

§457. State tax on telecommunication personal prop-
erty

Telecommunication personal property, which would
otherwise be subject to taxation at the property tax
rate applicable for the tax year in the jurisdiction
where it is subject to taxation, is instead subject
to a state tax on telecommunication personal prop-
erty. As with all other property subject to taxation

1 it shall be assessed according to its just value.
2 Rather than being subject to the local tax rate, this
3 property will be taxed at the state tax rate which is
4 21 mills for the 1988 tax year and 32 mills for the
5 1989 tax year and thereafter.

6 All telecommunication personal property, except
7 that taxable to a telecommunication business, shall
8 be assessed by the tax assessor having jurisdiction.
9 The tax so assessed is to be committed to the appro-
10 priate collector for the jurisdiction and taxes col-
11 lected shall be retained by the jurisdiction and used
12 for the same purposes as local property tax revenues.

13 In the case of telecommunication personal proper-
14 ty owned or leased by a telecommunication business,
15 the State Tax Assessor is to assess and collect the
16 tax. Administratively, this tax is to be levied and
17 collected as provided by law for the property tax in
18 the unorganized territory. The tax rate shall be the
19 state tax rate and the tax so collected shall be de-
20 posited in the General Fund.

21 Sec. 2. 36 MRSA §501, sub-§§11 and . 12 are en-
22 acted to read:

23 11. Telecommunication business. "Telecommunica-
24 tion business" means a person engaged in the activity
25 of providing interactive 2-way electromagnetic commu-
26 nication services for compensation.

27 12. Telecommunication personal property. "Tele-
28 communication personal property" means property used
29 for the transmission of any interactive 2-way elec-
30 tromagnetic communications, including voice, image,
31 data and information. Transmission of electromag-
32 netic communications includes the use of any media
33 such as wires, cables, including fiber optical cables
34 and coaxial cables, Community Antenna Television or
35 other broadband cables, microwaves, radio waves,
36 light waves or any combination of those or similar
37 media. Telecommunication personal property includes
38 qualifying property used to provide telegraph ser-
39 vice. It does not include property used solely to
40 provide value-added nonvoice services in which com-
41 puter processing applications are used to act on the
42 form, content, code and protocol of the information

1 to be transmitted, unless those services are provided
2 under tariff approved by the Public Utilities Commis-
3 sion. It does not include single or multiline stan-
4 standard telephone instruments.

5 Sec. 3. 36 MRSA §1483, sub-§6, as amended by PL
6 1965, c. 135, §1 and c. 513, §75, is repealed and
7 the following enacted in its place:

8 6. Railroads. Vehicles owned by railroad compa-
9 nies subject to the excise tax set forth in chapter
10 361;

11 Sec. 4. 36 MRSA §2692, as enacted by PL 1985, c.
12 61, §2, is amended by adding at the end a new para-
13 graph to read:

14 The rate effective for 1987 total gross operating
15 revenue may in no event exceed 3.5%. The rate for
16 1988 total gross operating revenue may in no event
17 exceed 2.5%.

18 Sec. 5. 36 MRSA c. 364, as amended, is repealed.

19 Sec. 6. Effective date. Sections 3 and 5 of
20 this Act shall take effect beginning January 1, 1988.
21 Section 6 is effective January 1, 1990.

22 STATEMENT OF FACT

23 Section 1 of this bill creates a state tax on
24 telecommunication personal property in lieu of the
25 local property tax. Two basic differences arise as a
26 result. First, the tax rate applied to this property
27 is at the state rate of 21 mills for 1988 and 32
28 mills thereafter. Secondly, that portion of the
29 property involved which is owned or leased by a tele-
30 communication business is subject to assessment and
31 collection of the tax by the State. Since this prop-
32 erty has been exempt from local property taxation, no
33 municipal reimbursement is involved. The tax on
34 telecommunication business personal property will be
35 administered in a similar fashion to the unorganized
36 property tax as far as its levy and collection are
37 concerned.

1 Section 2 defines a telecommunications business
2 and telecommunications property. It specifically ex-
3 cludes telephones, thus, phones would be subject to
4 the local personal property tax to the extent it ap-
5 plies.

6 Section 3 eliminates the reference which provides
7 a motor vehicle excise tax exemption for telecommuni-
8 cations providers. Thus the motor vehicle excise tax
9 will apply.

10 Section 4 amends the telecommunications excise
11 tax to be limited to 3 1/2% of total gross operating
12 revenue for 1987 and 2 1/2% for 1988 calendar year.

13 Section 5 repeals the property tax exemption for
14 the property of providers of telecommunications ser-
15 vices. All the affected personal property of these
16 entities will become subject to the state tax on
17 telecommunication personal property except telephones
18 which will be subject to the local property tax.
19 Telephone poles, since they are considered real prop-
20 erty, will be subject to local property taxation.

21 Sections 6 and 7 repeal the telecommunication
22 services gross receipts tax for calendar years begin-
23 ning on or after January 1, 1990, and provides other
24 effective dates.

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