

**TAXATION OF RAILROADS, OTHER TRANSPORTATION COMPANIES,
AND OTHER BUSINESSES: A SURVEY OF STATE LAWS**

SUMMARY REPORT



STATE BOARD OF EQUALIZATION AND ASSESSMENT

**Richard Lewisohn, Chairman
Helen M. Baran
Joseph H. Murphy
Alan J. Underberg**

David Gaskell, Executive Director

**STATE OF NEW YORK
MARIO M. CUOMO, GOVERNOR**

Governor Nelson A. Rockefeller Empire State Plaza, Albany, New York 12223

August 1983

Publication 1255 (9/11)

**TAXATION OF RAILROADS, OTHER TRANSPORTATION COMPANIES,
AND OTHER BUSINESSES: A SURVEY OF STATE LAWS**

SUMMARY REPORT

William Heidelmark
Sylvia Adams
Michael Chiffole

Program Analysis and Development Unit
New York State Division of Equalization and Assessment

Donald F. Clifford
Coordinator of Research
and Development

Peter A. Wissel
Director of Real Property
Tax Research

FOREWORD

This report was prepared at the request of the New York State Department of Transportation, which is the lead agency member of a multidisciplinary task force currently studying the issue of railroad taxation in New York State. The other members of the task force are: the New York State Division of the Budget, the New York State Division of Equalization and Assessment, the New York State Department of Taxation and Finance, the Ways and Means Committee of the New York State Assembly, and the Finance Committee, Transportation Committee, and Program Staff of the New York State Senate.

The conclusions presented in this report are those of the Division of Equalization and Assessment and do not necessarily represent the views of the other members of the task force.

A limited number of copies of the full report on which this summary report is based are available and as long as the supply lasts will be provided on request.

SUMMARY

Where there is competition between different types of carriers for the same business (as there often is between railroads and motor carriers for freight and between railroads and air carriers for passengers), railroads could well be at a competitive disadvantage if state and/or local taxing jurisdictions exercised their right to impose higher taxes on them than on other carriers. To assess the potential for discriminatory taxation of railroads, a survey was conducted of state laws governing all state and local taxes for which the carriers are liable: property taxes, income and gross receipts taxes, taxes levied to support regulatory agencies, sales and use taxes, capital stock taxes, and miscellaneous other taxes and fees.

The survey indicates that in New York and most other states, in terms of total taxes and fees, railroads are treated neither better nor worse than their chief competitors, motor and air carriers. The survey also shows that, where railroads are not treated the same as motor and air carriers for tax purposes, railroads are usually treated better than the other carriers.

CONTENTS

	<u>Page</u>
Foreword	ii
Summary	iii
Introduction	1
Property Taxes	2
Classification as Public Utilities	3
Valuation - Determination of Full Value	4
Assessment - Determination of Taxable Value	7
Taxation - Legal Standard for Property Tax Rates	8
Exemptions and Credits	9
Income and Gross Receipts Taxes	10
Regulatory Commission Gross Receipts Taxes	12
Sales and Use Taxes	14
Capital Stock Taxes	15
Other Taxes and Fees	16
Conclusion	18
 Appendix — Tables	
1. Valuation Responsibility	22
2. Assessment Levels of Real/Personal Property	24
3. Taxes Paid	27
4. Transportation Company Property Tax Exemptions and Credits	33
5. Sales and Use Tax Exemptions	42
6. Treatment of Railroads for Tax Purposes: Railroads Compared to Motor Carriers	55
7. Treatment of Railroads for Tax Purposes: Railroads Compared to Air Carriers	58

Introduction

This survey was done as part of a study of railroad taxation in New York State, the purpose of which is to evaluate the impact of state and local taxes on the railroad industry and to measure the effect of tax abatements granted to railroads on state and local tax revenues. The survey of state laws governing the taxation of railroads is intended to show how New York State compares with other states in its treatment of railroads for tax purposes, particularly with regard to property tax policy and the taxation of railroads relative to other types of businesses.

Property tax policy and the treatment of railroads relative to other businesses are given special attention because of federal legislation prohibiting property taxation practices that discriminate against railroads engaged in interstate commerce [49 USCS §11503]. Effective February 5, 1979, federal law prohibits state and local governments from the following discriminatory practices:

1. Assessing rail property used in interstate commerce at a higher percentage of true market value than the percentage of true market value applied to other commercial and industrial property in the same assessing jurisdiction.*
2. Levying and collecting an ad valorem property tax on such rail property that exceeds the tax rate applied to other commercial and industrial property in the same assessing jurisdiction.
3. Imposing another tax that discriminates against rail carriers engaged in interstate commerce.

Interestingly, when the federal law speaks of the assessment and taxation of railroad property relative to other commercial and industrial property, it excludes "transportation

* However, the law also states that judicial relief may be granted to a railroad only if the ratio of assessed value to true market value of its property exceeds by at least 5% the ratio of assessed value to true market value of other commercial and industrial property in the same assessing jurisdiction.

In 1980 a similar law was enacted prohibiting tax discrimination against motor carrier property used in interstate commerce [49 USCS §11503a].

property" from the definition of industrial and commercial property. Thus the law prohibits favoring commercial and industrial property at the expense of railroad property but does not prohibit state and local governments from preferentially taxing motor, air, and water carrier property relative to rail property. Where there is competition between different types of carriers for the same business (as there often is between railroads and air carriers for passengers and between railroads and motor carriers for freight), railroads could well be at a competitive disadvantage if state and/or local taxing jurisdictions exercised their right to impose higher taxes on them than on other carriers. Because competition between different types of carriers for the same business is frequently mentioned as a matter of concern, our survey of state laws separates transportation companies from other types of businesses. In looking at state laws for tax discrimination against railroads as defined by the federal government, one should compare the taxation of railroads with the taxation of nontransportation businesses. To see whether railroads are being discriminated against in the marketplace, however, one should compare the taxation of railroads with the taxation of other carriers.

An overview of the taxes imposed on railroads, other carriers, and other types of businesses is given below. These taxes and the factors that enter into their computation are described in detail in state profiles, which follow the overview.

Property Taxes

In all states, property taxes are levied on real estate; in all but four states (Delaware, Hawaii, Illinois, and New York), property taxes are also levied on personal property.*

* In the following states, intangible personal property is exempt from property taxation: Alaska, Arkansas, California, Colorado, Connecticut, District of Columbia, Idaho, Iowa, Louisiana, Maine, Massachusetts, Minnesota, Mississippi, Missouri, Nebraska, New Hampshire, New Jersey, New Mexico, Oklahoma, Oregon, Rhode Island, South Dakota, Utah, Vermont, Washington, Wisconsin, and Wyoming; in Pennsylvania, tangible personal property is exempt.

Property taxes are imposed by local jurisdictions in every state, and in 19 states the state government also imposes a property tax.*

How a state treats a property owner for property tax purposes depends on four factors: (1) how the property is valued (that is, how its full value is determined), (2) how the property is assessed (i.e., how its taxable value is determined), (3) how the property is taxed (i.e., which tax rates are applied to the assessed value), and (4) how much of the assessed value is exempt from taxation. A fifth factor may also have an effect — how the classification of the property by type (e.g. as public utility or commercial) influences the assessment level or tax rate applied to the property; this factor is relevant only where so-called "classified" systems of property taxation exist (currently in 12 states and in one county in Illinois).**

Classification as Public Utilities

Whether a state considers transportation companies to be public utilities for property tax purposes is important where there are classified systems that do not isolate transportation companies as a class but do classify public utilities separately and may or may not include transportation companies in the public utility class. Such is the case in Alabama, Louisiana, Montana, and New York. Designation of transportation companies as public utilities is also important in relation to state property taxes and nonproperty taxation because most states impose on public utilities taxes from which other businesses are exempt. Pennsylvania and Vermont impose state property taxes on public utilities, utilities are subject to special gross receipts taxes in some states (discussed later), and most states

* A state property tax is levied in Alabama, Alaska, Florida, Indiana, Kansas, Kentucky, Maryland, Michigan, New Jersey, North Carolina, Ohio, Pennsylvania, South Carolina, South Dakota, Vermont, Virginia, Washington, Wisconsin, and Wyoming.

** Classified systems are authorized by law in Alabama, Arizona, District of Columbia, Louisiana, Massachusetts, Minnesota, Montana, New York, North Dakota, South Carolina, Tennessee, and West Virginia. A classified system is also allowed in Illinois counties having a population greater than 200,000; only Cook County has elected to have a classified system.

impose on utilities gross receipts taxes for the support of the state commission that regulates them.

In all but two states (New York and Rhode Island), railroad companies are considered to be public utilities. Other carriers are classified as public utilities as follows: motor carriers in 35 states (in 13 states, only certain types of motor carriers are considered to be public utilities — e.g., common carriers, contract carriers, or those not engaged solely in interstate commerce); air carriers in 28 states (with 9 states restricting utility classification to certain types of carriers); water carriers in 23 states (with 11 states restricting utility classification to certain types of carriers).*

Although they are often classified as public utilities, private railroad car companies and express companies are excluded from our survey because they play a very limited role in passenger and freight transportation and are thus not comparable with rail, motor, air, and water carriers.**

Valuation - Determination of Full Value

It is likely that the full value of property of different carriers will be different if different legal valuation standards are applied, and it is possible that full value will vary between carriers if the agencies responsible for valuation differ and not all agencies use the same appraisal methods.

* A "common carrier" is any person who holds himself out to the public as willing to undertake for hire to transport the property of others or passengers from those persons who would choose to employ him. A "contract carrier" is any person engaged in the transportation of property or persons for hire and not included in the term common carrier. A "private carrier" is any person engaged in the transportation of property sold, or to be sold, by him in the furtherance of any commercial enterprise other than transportation, but not as a common contract carrier.

** A "private railroad car company" is a company, other than a railroad company, which owns or operates railroad cars for the transportation of property or passengers on railroad lines (e.g., freight, sleeping, and pullman car companies). An "express company" is any person engaged in the business of transporting property and which does not itself operate the vehicles (except for terminal pickup and delivery vehicles) of transportation.

Legal Valuation Standard. In all but eight states, the same legal valuation standard is to be applied to all types of rail, motor, air, and water carrier property and all types of industrial and commercial property.

New York has three legal valuation standards for business property:

1. For all nonoperating property (property used for other than transportation purposes) of railroads, all property of railroads not subject to state-established ceiling values, all property of motor, air, and water carriers, and all industrial and commercial property, the legal valuation standard is "value," a term that is not defined by statute.
2. For operating property of ceiling-value interstate railroads, the legal valuation standard is "value" adjusted by an economic factor consisting of the ratio of 3-year average expenses to 3-year average revenues.
3. For operating property of ceiling-value intrastate railroads, the legal valuation standard is "value" adjusted by an economic factor based on 5-year average earnings.

Illinois has two legal valuation standards for business property:

1. For all business property except railroad operating property, the standard is "fair market value," which is defined by statute.
2. For railroad operating property, the standard is "fair market value" adjusted by the value of all stocks, bonds, other indebtedness, and net earnings for the past 5 years.

Florida, Minnesota, and Nevada have one legal valuation standard for railroad operating property and another standard for all other business property. Railroad operating property is to be valued as a single unit; that is, the value of all operating property statewide is to be considered, with minimum consideration given to the aggregate value of the separate parts.

New Mexico has a separate valuation standard for aircraft. The value of gas-engine aircraft is to be determined by discounting the original cost by 90%, regardless of age; jet-propelled aircraft's depreciation allowance, assuming a 12-year life, is to be applied against 80% of the original cost, with a minimum value of 20% of the original cost.

Connecticut and Maine have unique standards for the valuation of some water carrier property. In Connecticut, vessels of an interstate company are to be valued at their net

earnings level. In Maine, valuation of vessels greater than 50 tons is to be at \$20/ton when new, decreasing by \$1/ton per year for 17 years.

Valuation Responsibility. As shown in Table 1, in 11 states, all railroad property is valued by the state. In 8 states, all railroad property is locally valued. Most often with railroad property, valuation responsibility is split between the state and local jurisdictions; operating property is usually valued by the state (43 states), whereas nonoperating property is usually valued locally (40 states). Valuation responsibility for the other carriers and for industrial and commercial property is quite different.

Only 3 states require that all motor carrier property be valued at the state level. In 37 states, all motor carrier property is locally valued. In 11 states, valuation responsibility is split between the state and localities.

All air carrier property is valued by the state in 10 states. In 27 states, all air carrier property is valued by local jurisdictions. Valuation responsibility is split in 14 states.

In 4 states, all water carrier property is valued by the state. Localities have valuation responsibility for all water carrier property in 32 states. In 15 states, responsibility is split.

Industrial and commercial property is almost invariably valued by local jurisdictions, with 2 states having valuation responsibility for industrial property split between the state and localities and 1 state having responsibility for commercial property split.

As mentioned earlier, where different agencies (state vs. local or one locality vs. another locality) are responsible for valuing different carriers' property, determinations of full value for properties of essentially equal value may differ if different appraisal methods are used.

In the valuation process for railroads, allocation factors are used to determine (1) the total value of rail property in the state and (2) the value of rail property in each locality. The most common allocation factor used by states is all track miles.

Assessment - Determination of Taxable Value

Legally authorized assessment levels, as a percentage of full value, of transportation company property are unlike those of industrial and commercial property in 11 states, 7 of which have adopted a classified assessment system (see Table 2).

Railroad property is assessed at a different percentage of full value than other business property in 9 states. Alabama, Louisiana, and Tennessee assess railroad property at a higher level than industrial/commercial property, while in South Carolina railroad land is assessed higher and railroad personalty is assessed lower than industrial and commercial property of the same type. Two states assess railroad operating property at an average of other types: Arizona at the average of industrial, commercial, and public utility assessment ratios in the current year and Colorado at the average level of industrial and commercial properties in the previous year. Arkansas and North Carolina value railroad operating property at the state level, requiring a standard assessment percentage to be used, whereas authority for valuation of other properties is local and assessment levels are locally determined. Railroad property in Minnesota is at a disadvantage compared to other public utilities and with respect to locally assessed properties. Public utility tools, implements, and machinery are assessed at a level substantially lower than railroad personal property — 33-1/3% vs. 43%. One parcel per county for each locally valued company may be assessed at 40% of the first \$50,000 and 43% of the remainder, while centrally assessed companies, including railroads, may have only one parcel per company in the state assessed at this level.

Motor carrier property is assessed at a different percentage of full value than most other properties in 5 states, in 4 states because of classified assessment systems and in 1 state (Arkansas) as a result of state valuation requirements. Three states (Alabama, Louisiana, and Tennessee) assess motor carrier property at a higher level than industrials and commercials. South Carolina assesses motor carrier land higher and motor carrier personalty lower than industrial and commercial property of the same type.

Six states assess air carrier property at a percentage of full value different from the percentage for industrial and commercial property, in 5 states because of classified assessment systems and in 1 state (Arkansas) as a result of having a specified percentage for all state-assessed property. Arizona, North Dakota, and Tennessee assess air carrier operating property at a level above that of industrials and commercials, although Arizona and North Dakota will equalize all business property assessment levels by 1992 and 1985, respectively. As explained above with regard to railroads, Minnesota assesses air carrier property at a higher level than certain other types of property. South Carolina assesses air carrier property at a rate higher for land and lower for personal property than industrial and commercial property.

Water carrier property is differentially assessed in 7 states, in 5 states because of classified assessment systems and in 2 states as a result of state rules and regulations. Alabama, Louisiana, and Tennessee assess water carrier property at a higher rate than industrial and commercial property. State assessment of property, including water carrier operating property, is accomplished in Arkansas by a uniform assessment ratio, while localities have responsibility for determining the assessment levels for most other property. In South Carolina, water carriers are assessed at a rate higher for land and lower for personal property than industrial and commercial property. Vessels registered in Oregon that ply the high seas are assessed at 4% of full value, while all other vessels are assessed at 40%; the assessment ratio of all other Oregon property is determined locally.

Taxation - Legal Standard for Property Tax Rates

Ten states apply to transportation company property tax rates that are different from the rates applied to industrial and commercial property. Massachusetts varies tax rates by property class, with railroads included in the industrial class and other carriers included in the commercial class.

Four states levy on railroad property a state tax in lieu of local taxes on operating property: Michigan - at the statewide average property tax rate, New Jersey - at \$4.75/track mile, Pennsylvania - at 3% of the assessed value of all real and personal property, and Vermont - at 1% of the assessed value of all real and personal property. Like Michigan, Minnesota and Wisconsin require railroad property to be taxed at the statewide average mill rate. Virginia levies a 1% tax on the assessed value of all railroad rolling stock.

Air carrier property is taxed at the average statewide rate in South Carolina, Minnesota, South Dakota, and Wisconsin. In Nebraska, such property is taxed at the average of tax rates in cities with airports.

Exemptions and Credits

Property taxes and other taxes paid by transportation companies are summarized in Table 3. Exemptions from and credits allowed against property taxes and sales and use taxes are shown in Tables 4 and 5.

Real property tax exemptions and credits for railroads and other carriers are available in 15 states, 6 of which substitute other taxes for the local real property tax. Michigan, New Jersey, Pennsylvania, and Vermont impose a state property tax in lieu of local taxes on railroad operating property. In Georgia, the Georgia Railroad Company, by virtue of its 1833 charter, is exempt from all state and local taxes but pays 0.5% of its net earnings to the State Revenue Commission. Hawaii is the only state that allows for the total exemption of the operating property of all transportation companies without a substitute tax being imposed. In Connecticut, railroad operating property is exempt, with no substitute tax imposed. Land within railroad right-of-way is exempt in Delaware, Maine, Massachusetts, and New Jersey. Massachusetts also abates part of the property tax liability if net income falls below a certain level. In New Hampshire, operating property less than 10 years old is exempt; in addition, the Governor may abate the taxes on all types of railroad property

after consultation with the State Tax Commission. Michigan and South Dakota allow credits against the property tax for maintenance and improvement expenses. New York and Nevada subsidize railroad improvement projects directly through property tax exemptions. The real property of carriers other than railroads is rarely exempt, and only in Hawaii is it exempt without a substitute tax being levied. Indiana and Michigan impose license fees on water carriers in lieu of property taxes on operating property; air carriers and motor carriers are also treated in this manner in Indiana.

Personal property tax exemptions for railroads are allowed in 9 states, for motor carriers in 9 states, for air carriers in 5 states, and for water carriers in 6 states. Maryland is the only state with a personal property tax that exempts the personal property of different carriers somewhat uniformly; railroad rolling stock and repair parts, motor carrier vehicles and repair parts, air carrier aircraft, and watercraft not greater than 100 feet are exempt from property taxes if engaged in interstate commerce. Indiana and Minnesota come close to having a uniform personal property exemption policy, with Indiana exempting motor vehicles, air carrier operating property, and water carrier operating property, and Minnesota exempting railroad rolling stock, registered motor vehicles, and registered aircraft. In the other states, exemption policy is less systematic, with 4 states exempting the personal property of only two of the four types of carriers and 12 states exempting the personal property of only a single type of carrier. Registration fees and/or income or excise taxes are imposed on carriers in lieu of personal property taxes in 12 states.

Income and Gross Receipts Taxes

In 27 states, liability for income or gross receipts taxes is the same for transportation companies and industrial/commercial businesses. In 24 states, both groups pay the same income or gross receipts taxes; in 3 states (South Dakota, Texas, and Wyoming), both groups are exempt from such taxes. In 2 states (Alaska and Nevada), all transportation companies are exempt from income or gross receipts taxes, while industrial and commercial businesses

are liable for such taxes. Indiana levies a gross income tax in addition to an adjusted gross income tax, but exempts interstate carrier services.

Tax policy regarding different types of transportation companies differs in the remaining 22 states. Eleven states exempt one or more of the carriers from the income/gross receipts taxes imposed on industrial/commercial businesses but substitute a similar tax. Alabama, Connecticut, Maine, Massachusetts, New Jersey, Ohio, and Rhode Island exempt railroads from income/gross receipts taxes imposed on industrial/commercial businesses but impose a substitute tax.* Usually a gross receipts tax is substituted for the industrial/commercial tax on net income; the exceptions are Massachusetts, which substitutes a tax on net income, and New Jersey, which substitutes a tax on net operating income. Because the bases for the railroad taxes are different from the bases for the industrial/commercial taxes, it is not possible to compare the two types of taxpayers in terms of tax burden; where the tax base is the same, in Massachusetts, the tax rate for railroads is lower than the rate for industrial/commercial businesses (6.5% of net income as opposed to 8.33% of net income plus a tax on tangible property and a surtax of 14%). Delaware exempts railroads and canal companies from the industrial/commercial business tax and substitutes a comparable tax at a higher tax rate for railroads and canal companies (10% of net earnings as opposed to 8.7% of net earnings). Maryland, New York, and Washington exempt all carriers from the industrial/commercial income tax and substitute a gross receipts tax.

In 8 states, all carriers are subject to the industrial/commercial business tax and are also liable for additional income/gross receipts taxes. South Carolina imposes an additional tax on railroads only (0.3% of gross receipts). Four states impose an additional tax on motor

* In Connecticut, railroads are allowed to deduct from the gross receipts tax all local taxes on nonoperating realty and funds expended for improvements complying with standards of service approved by the Commissioner of Transportation (usually rehabilitation projects).

carriers only: Arizona (2.25% of gross receipts); California (0.1% of gross operating revenue); Mississippi (3% of gross receipts for passenger carriers and from \$7.20/vehicle to \$1,512/vehicle, depending on weight, plus an annual inspection fee of \$15/vehicle for freight carriers); North Carolina (1.9% of gross earnings). Three states impose additional taxes on all carriers: Pennsylvania levies a public utility tax (4.5% of gross receipts)* on all carriers plus an additional tax on motor carriers only (0.8% of gross receipts); Tennessee imposes an annual report fee on all carriers (0.5% of gross receipts or a \$5 - \$150 flat fee based on the value of capital stock); West Virginia levies a public utility tax on all carriers (9.9% of gross receipts). Louisiana imposes an additional gross receipts tax on motor, air, and water carriers; railroads are also subject to this tax but, unlike the other carriers, are exempt from the industrial/commercial net income tax.

In Vermont and Wisconsin, railroads, but not other carriers, are exempt from the industrial/commercial business income tax; no substitute tax is imposed on railroad companies.

Regulatory Commission Gross Receipts Taxes

Fees to cover regulatory commission expenses are levied on railroads and/or other carriers, as well as on other public utilities, in 33 states. More than half of these states (18) apply the tax to all carriers and other public utilities or, as in the case of Hawaii and Rhode Island, to all common carrier and public utility companies. California is the only state that imposes such charges solely on certain carriers. In most instances, railroads and other carriers are assessed these charges at the same rate as other public utilities (in Georgia, Hawaii, Indiana, Maryland, Nevada, New Jersey, Ohio, Pennsylvania, Rhode Island, South Carolina, Texas, Utah, West Virginia, and Wyoming). In 4 states, different rates are applied to different types of companies. Arkansas' maximum regulatory assessment is 0.4% of gross

* Railroads are allowed a credit against the public utility tax of 25% of right-of-way maintenance and improvement costs.

receipts for any carrier or other public utility, but the costs of regulating railroads is determined and apportioned separately from other commission expenses. Railroads and other carriers in New Mexico, by virtue of being regulated by the State Corporation Commission, are limited to a maximum tax rate of 0.25% of gross receipts, rather than the 0.5% rate that is imposed on Public Service Commission regulated public utilities. In Virginia, the total tax paid by all railroad corporations cannot exceed \$300,000, while there is no limit set on the taxes paid by other carriers and public utilities. Regulatory commission assessments in Washington are based on gross receipts at substantially different rates: railroads - 1.5%; motor and water carriers - 0.4%; air carriers, along with other utilities - 0.1% of the first \$50,000 and 0.2% of any excess.

The remaining 15 states apply a regulatory commission assessment only to certain carriers. Six of these states require only railroad companies to be assessed along with other public utilities. Connecticut and Illinois tax railroads at a rate equal to that applied to other utilities. In Florida, the rate for railroads (included in the same class as telephone, radio, electric, and gas companies) is 0.125% of gross receipts, which is lower than the rate for water and sewer companies (2.5% of gross receipts) but higher than the rate for municipal or cooperative gas and electric companies (0.016% of gross receipts). Mississippi apportions \$175,000 of State Corporation Commission expenses to railroads on the basis of all track mileage, while distributing \$700,000 to all other utility companies in proportion to their gross receipts; the use of different tax bases makes for a difficult comparison as to relative tax burdens. The situation in Tennessee is similar; railroad companies are taxed at 1 cent/1,000 ton miles, while other utilities are subject to a gross receipts tax that is levied at the rate of \$3/\$1,000 on the first \$1,000,000 and \$0.75/\$1,000 thereafter. In Vermont, on the other hand, railroads have a clear advantage over other public utilities with respect to regulatory assessments; the maximum tax rate on gross operating revenue for railroad companies is 0.01%, while 0.4% is levied on telephone and electric companies and 0.1% is applied to all other utilities.

Eight states apply the regulatory commission assessment to certain other carriers as well as to railroads. Idaho railroads are not taxed greater than 1% of gross receipts, while motor carriers are subject to a \$21 or \$7/power unit charge depending on whether they hold contract/common or private carrier status; these rates compare to the 0.25% of gross receipts ceiling for other utilities. Iowa's non-rate-regulated public utilities, including railroads and motor carriers, are subject to 50% of the rate that is applied to rate-regulated utilities, which cannot exceed 0.1% of gross receipts. Railroads, motor carriers, and air carriers are taxed at the same rate as other public utilities in Missouri, Montana, and Oregon; only air carriers using aircraft greater than 75,000 lbs are subject to the tax. Wisconsin also includes railroad, motor carrier, and air carrier companies in its regulatory commission levy, but motor common carriers are preferentially treated; a 0.07% of gross receipts ceiling is applied to motor carriers, whereas the ceiling for other utility companies is 1% of gross receipts. All land and water carriers not engaged solely in interstate commerce are equally subject to regulatory commission fees in Alabama. Colorado railroads, air carriers, and other public utilities are required to pay an annual report fee (domestic companies - \$45, foreign companies - \$200) to defray the costs of the Public Service Commission. California levies a regulatory assessment only on freight carriers, at the rate of 3.33% of gross receipts plus a \$40 annual report fee.

In Delaware, only motor carriers are included with public utilities that are subject to a regulatory commission assessment (0.2% of gross receipts).

Sales and Use Taxes

In all but 5 states, state sales and use taxes are imposed (Alaska, Delaware, Montana, New Hampshire, and Oregon). In addition, local sales and use taxes are imposed, at the option of localities, in 20 states (Arizona, Arkansas, Georgia, Illinois, Louisiana, Minnesota, Missouri, Nebraska, Nevada, New Mexico, New York, North Carolina, Ohio, Oklahoma,

Pennsylvania, South Dakota, Tennessee, Texas, Virginia, and Wyoming). In Alaska, there is no state sales and use tax, but there is a local sales tax, while Utah's county sales and use tax is uniformly levied statewide. Delaware does not impose a sales tax, but 2% of all leases of tangible personal property is collected as a use tax. In Montana, new motor vehicles are subject to a state sales tax for the support of the state highway fund.

As shown in Table 5, sales and use tax exemptions are available in 47 states. Nineteen of these grant exemptions relatively uniformly for all carriers: Alaska, District of Columbia, Georgia, Hawaii, Idaho, Indiana, Kentucky, Maine, Maryland, Nebraska, New Jersey, North Carolina, Ohio, Pennsylvania, Utah, Vermont, Virginia, Washington, and West Virginia. Seven additional states allow exemptions for all types of carriers (Alabama, Illinois, Missouri, New York, South Dakota, Wisconsin, and Wyoming) but do so on an irregular basis. Exemptions for carriers other than motor carriers exist in Arkansas, California, Massachusetts, Tennessee, and Texas, while carriers other than air carriers enjoy exemptions in Michigan, and exemptions in Arizona and Kansas apply to carriers other than water carriers. Railroads and one other carrier class are allowed sales and use tax exemptions in six states: motor carriers in Iowa and New Mexico, air carriers in Minnesota and Oklahoma, and water carriers in Mississippi and South Carolina. Air carrier and water carrier exemptions exist in Louisiana. The remaining six states provide for sales and use tax exemptions for only one type of carrier: Colorado and North Dakota for railroads, Connecticut, Florida, and Nevada for air carriers, and Rhode Island for water carriers.

To summarize, railroads are exempt from the sales and use tax in 38 states, motor carriers are exempt in 27 states, air carriers are exempt in 35 states, and water carriers are exempt in 32 states.

Capital Stock Taxes

Twenty-three of the 25 states that have a capital stock tax apply the tax uniformly to all types of companies. South Carolina and Virginia are exceptions to this practice. South

Carolina railroads are subject to a 0.3% gross receipts franchise tax in lieu of the capital stock tax (0.1% of dollars paid to capital stock and paid-in surpluses) levied against other businesses. Railroads are alone in not being subject to the capital stock tax in Virginia.

Other Taxes and Fees

Seven of the 30 states that impose other taxes and fees include railroad companies in this form of taxation. Pennsylvania uniformly subjects all business enterprises to a corporate loans tax, at the rate of 0.4% of the value thereof; New Jersey requires all businesses to pay an annual report fee. Delaware's railroad taxation policy includes taxes not applied to other companies: 10 cents/passenger carried by steam power, \$100/locomotive, \$25 passenger car, and \$10/freight car; none of these taxes are applied to the railroads paying a flat fee, ranging from \$1,500 to \$50,000. Mississippi subjects railroads and certain other public utilities to supplementary taxes; the railroad privilege tax is based on railroad class and ranges from \$90/first-class track mile to \$5/tenth-class track mile, while telephone companies pay 4 cents/phone and electric, lighting, and power companies are subject to a \$22.50/pole-line-mile assessment. Freight railroads in Nebraska are required to pay 6.7 cents/train mile plus \$100/public grade crossing. A municipal license tax, based on local population size, is imposed on railroads in Florida, Nebraska, and South Carolina.

The tax structure of every state provides for motor vehicle registration fees. However, 26 states impose additional taxes on motor carriers. Arkansas, Georgia, Nebraska, New Hampshire, Oklahoma, Rhode Island, Tennessee, Texas, and Wisconsin require motor carriers to pay an identification fee that ranges from \$5 to \$30 per vehicle, depending on the state involved and the type of carrier; Wisconsin is alone among these states to impose a higher rate for intrastate vehicles (\$30) than for interstate vehicles (\$5). Washington imposes similar fees on motor carriers but does so at a range from \$7 to \$48 per vehicle, depending on vehicle gross weight.

Motor carriers in the remaining 16 states are subject to a variety of taxes. Alabama motor carriers are liable for a mileage tax ranging from 1/4 cent to 1 cent per mile based on vehicle seating capacity. Passenger motor carriers in Colorado are subject to a 1 mill/passenger mile tax, whereas trucks in excess of 6,500 lbs (empty weight) pay 0.8 mills/ton mile (empty weight) plus 2 mills/ton mile (cargo weight). Kentucky has recently legislated a 2.85 cents/mile tax on trucks weighing 60,000 lbs or more. Out-of-state motor carriers in Nevada must pay a highway use tax (\$7/vehicle plus 2.25 cents/mile) unless they are private motor carriers using vehicles of less than 10,000 lbs of unladen weight (which pay \$25/vehicle). New Mexico's foreign motor carriers are subject to a 3 - 8 cents/mile trip fee that varies with the gross weight of the vehicle.

Motor carriers in New York must pay a highway use tax that consists of a mileage component (not applied to omnibus companies) and a fuel use component. The mileage element is based either on gross weight (6-35 mills/mile plus 2 mills/mile for each ton in excess of 38 tons) or on unladen weight (4-27 mills/mile), while the fuel use portion is comprised of: the New York motor fuels tax rate, the state sales and use tax rate, and the highest local sales and use tax rate applied to motor fuels in New York (the aggregate sales and use tax rate applied to motor fuels, exclusive of the motor fuels tax rate, cannot exceed 7%). The fuel use component provides for various credits: motor fuels tax paid in New York, sales tax paid in New York on fuel used for New York activities, and carrier payment of similar foreign fuels tax on fuel purchased in New York (not to exceed the New York motor fuels tax rate).

Fees applied to motor carriers in North Carolina are based on vehicle gross weight and carrier status: motor common carriers of property - \$0.87/100 lbs; motor common carriers of passengers - \$0.56/100 lbs; noncommon carriers - \$0.46 - \$1.15/100 lbs, depending on vehicle gross weight. North Dakota simply taxes all property motor carriers at the rate of \$4/gross ton. Ohio's motor carrier fee is similar to an identification charge (\$30/tractor or \$20/truck), but passenger carriers pay \$4/seat. The highway use tax in Oregon is either a

flat rate per vehicle or a mileage fee based on gross weight; both methods differentiate between diesel-powered carriers (7-75.5 mills/mile or \$160-\$370/vehicle) and gasoline-powered carriers (1.5 - 46 mills/mile or \$40 - \$160/vehicle).

Property motor carriers in South Carolina are treated differently from passenger motor carriers, in that they pay 1/4 mill/ton mile rather than 1/4 cent/seat mile. South Dakota's motor carriers are subject to a vehicle fee based on gross weight that ranges from \$89 to \$254 plus \$40/ton greater than 10 tons. Virginia imposes a tax of \$3/passenger vehicle or \$5/property vehicle plus a tax of 13 cents/gallon of fuel used, with a provision for an 11 cents/gallon motor fuels tax credit. West Virginia taxes passenger motor carriers at \$16.50 - \$57/vehicle, depending on vehicle seating capacity, rather than at the rate for property motor carriers, which ranges from \$12/vehicle to \$57/vehicle plus \$4.50/gross ton in excess of 10 tons. The highway use tax in Wyoming distinguishes between vehicles of more or less than 16,000 lbs (unladen weight), between gas-powered or non-gas-powered vehicles, and between passenger and property carriers. Gasoline-powered vehicles less than 16,000 lbs are taxed from \$6 to \$84/vehicle depending on their unladen weight, while the tax on non-gasoline-powered vehicles in the same class ranges from \$48 to \$144. Motor carrier vehicles greater than 16,000 lbs pay the following mileage taxes: gasoline-powered passenger carriers - \$0.017/mile; gasoline-powered property carriers - \$0.0015/ton mile; non-gasoline-powered carrier vehicles - \$0.0026/ton mile.

Indiana is unique in that it exempts motor carrier vehicles and air and water carrier operating property from the property tax through the payment of excise taxes: motor carrier vehicles - \$12 - \$400/vehicle relative to original cost less depreciation; air carrier aircraft - 5 cents - 9 cents/lb based on class and age; commercial vessels - 3 cents/ton.

Conclusion

When we compare the overall treatment of railroads for tax purposes with the treatment of their major competitors — motor carriers for freight traffic and air carriers

for passenger traffic — we see that, in terms of total taxes and fees, railroads are treated neither better nor worse than the other carriers (see Tables 6 and 7). The situation is almost exactly the same with respect to individual taxes and fees; the exception is the category "other taxes and fees," where railroads are liable for fewer of these than motor carriers.

Where railroads are not treated the same as motor and air carriers, they are usually treated better than the other carriers. With respect to motor carriers, they are treated better in the application of five types of taxes and fees (real property, income or gross receipts, sales and use, capital stock, and other taxes and fees) and are treated worse in the application of two types of taxes (personal property taxes and regulatory assessments). With respect to air carriers, railroads are treated better in the application of four types of taxes (real property, personal property, sales and use, and capital stock) and are treated worse in the application of three types of taxes and fees (income or gross receipts taxes, regulatory assessments, and other taxes and fees).*

In New York State, the tax treatment of railroads, in terms of total taxes and fees, is the same as it is on the average nationwide; railroads are treated neither better nor worse than motor and air carriers. Where railroads are not treated the same as motor and air carriers, however, the pattern in New York State is somewhat different from the national average. Compared to motor carriers, railroads are treated better with respect to real property taxes and other taxes and fees (as they are nationwide), whereas there is no tax with respect to which they are treated worse than motor carriers (unlike the situation nationally); it is not possible to gauge the relative treatment of railroads and motor carriers with respect to sales and use taxes, since the effect of the different types of exemptions

* With respect to real property taxes, however, it should be kept in mind that the actual incidence of these taxes, as opposed to the statutory liability for them, is likely to be greater for railroads than for motor and air carriers, since railroads generally own their rights-of-way while the other carriers operate on the public way.

they are entitled to cannot be evaluated at this time. Compared to air carriers, railroads are treated better with respect to real property taxes (as they are nationwide), but they are treated worse with respect to sales and use taxes (contrary to the situation nationally).

APPENDIXTable

1. Valuation Responsibility	22
2. Assessment Levels of Real/Personal Property	24
3. Taxes Paid	27
4. Transportation Company Property Tax Exemptions and Credits	33
5. Sales and Use Tax Exemptions	42
6. Treatment of Railroads for Tax Purposes Railroads Compared to Motor Carriers	55
7. Treatment of Railroads for Tax Purposes: Railroads Compared to Air Carriers	58

Table 1. Valuation Responsibility

(S - State; L - Local;
S/L - State values operating property, localities value nonoperating property)

State	Railroads	Motor Carriers	Air Carriers	Water Carriers	Industrial Property	Commercial Property
Alabama	S	L	L	L	L	L
Alaska	L	L	L	L	L	L
Arizona	S/L ¹	L	L	L	L	L
Arkansas	S/L	S	S	S	L	L
California	S	L ²	L	L	L	L
Colorado	S/L	L	S	L	L	L
Connecticut	L	L	L	L	L	L
Delaware	L	L	L	L	L	L
Dist. of Columbia	L	L	L	L	L	L
Florida	S/L	L	L	L	L	L
Georgia	S	L	S	S	L	L
Hawaii	L	L	L	L	L	L
Idaho	S/L	L	L	L	L	L
Illinois	S/L	L	L	L	L	L
Indiana	S/L ³	S/L ³	S/L ³	S/L ³	L	L
Iowa	S/L	L	L	L	L	L
Kansas	S/L	S/L	S/L	S/L	L	L
Kentucky	S/L	S/L ⁴	S/L	S/L	L	L
Louisiana	S/L	L	L	L	L	L
Maine	L	L	L	L	L	L
Maryland	S	S/L	S/L	S/L	L	L
Massachusetts	L	L	L	L	L	L
Michigan	S/L	S/L	S/L	S/L	L	L
Minnesota	S/L	L	S	L	L	L
Mississippi	S	L	S	L	L	L
Missouri	S/L	L	L	L	L	L
Montana	S/L ⁵	L	S	L	L	L
Nebraska	S/L	L	L	L	L	L
Nevada	S/L	S/L	S/L	S/L	L	L
New Hampshire	S/L	L	L	L	L	L

Table 1. Valuation Responsibility

(S - State; L - Local;
S/L - State values operating property, localities value nonoperating property)

State	Railroads	Motor Carriers	Air Carriers	Water Carriers	Industrial Property	Commercial Property
New Jersey	S/L	L	L	L	L	L
New Mexico	S	L	S	L	L	L
New York	S/L	L	L	L	L	L
North Carolina	S	L	S	L	L	L
North Dakota	S/L	S	S/L	L	L	L
Ohio	S/L	L	L	S/L	L	L
Oklahoma	S	S/L ⁶	S/L ⁶	S/L ⁶	L	L
Oregon	S	L	L ⁷	L ⁸	L	L
Pennsylvania	S/L	L	L	L	L	L
Rhode Island	L	L	L	L	L	L
South Carolina	S	L	S	S	S, L	S, L
South Dakota	S/L	L	L	L	L	L
Tennessee	S/L	L	S/L	S/L	L	L
Texas	S/L ⁹	S/L ⁹	L	L	L	L
Utah	S/L ¹⁰	S/L ¹⁰	S/L ¹⁰	S/L ¹⁰	L	L
Vermont	S/L	L	L	L ¹¹	L	L
Virginia	S	L	L	L	L	L
Washington	S/L ¹⁰	S/L ¹⁰	S/L ¹⁰	S/L ¹⁰	L	L
West Virginia	S/L	L	S/L	S/L	L	L
Wisconsin	S/L	S/L	S/L	S/L	S/L ¹²	L
Wyoming	S/L	S	S	S	L	L

¹ Nonoperating realty - L, remaining property - S

² "Stage Line" operating property - S, remaining property - L

³ Distributable property - S, fixed property - L

⁴ Operating motor vehicles - S, remaining property - L

⁵ Fixed real and tangible property - L, remaining property - S

⁶ Common carrier property - S, other property - L

⁷ Aircraft greater than 75,000 lbs - S, remaining property - L

⁸ Watercraft engaged in interstate commerce - S, remaining property - L

⁹ Intangible property - S, remaining property - L

¹⁰ Intercounty operating property - S, remaining property - L

¹¹ Steamboat carrier operating property - S, remaining property - L

¹² Manufacturers' property - S, remaining property - L

**Table 2. Assessment Levels of Real/Personal Property
(Percentage of Full Value)**

(LD - Locally determined, percentage not specified by statute; N - Not taxed)

State	Railroad	Motor Carrier	Air Carrier	Water Carrier	Industrial	Commercial
Utah	20/20	20/20	20/20	20/20	20/20	20/20
Vermont	50/50	50/50	50/50	50/50	50/50	50/50
Virginia	100/100	100/100	100/100	100/100	100/100	100/100
Washington	100/100	100/100	100/100	100/100	100/100	100/100
West Virginia	LD12	LD12	LD12	LD12	LD12	LD12
Wisconsin	100/100	100/100	100/100	100/100	100/100	100/100
Wyoming	25/25	25/25	25/25	25/25	25/25	25/25

1 Average of utility, industrial and commercial classes

2 1980 level to decrease to 25% by 1992

3 Percentage determined by Public Service Commission, not to exceed 20%

4 Average of industrial and commercial assessment ratios for preceding year

5 Vessels of an interstate company are assessed at a value equal to its net earnings

6 Real property not to be assessed greater than 80%

7 Except in counties with populations greater than 200,000 that elect a classified system (Cook) - 40%

8 40% of first \$50,000 of real property value (1 parcel per state per company)

9 40% of first \$50,000 of real property value (1 parcel per county per company)

10 Operating property to decrease to 10% by 1985; nonoperating - 10/10

11 Ships with Oregon home ports that ply the high seas - 4%

12 Intangible personality at 100% true value in money

Table 3. Taxes Paid

(Y - Yes; N - No; * - exemption allowed)

State	Carrier	Real Property		Personal Property		Income	Gross Receipts	Regulatory	Sales and Use	Capital Stock	Other (see state profile)
		State	Local	State	Local						
Alabama	Rail	Y	Y	N	Y	N	Y	Y	Y*	Y	N
	Motor	Y	Y	N	Y	N	Y	Y	Y*	Y	Y
	Air	Y	Y	N	Y	N	Y	N	Y*	Y	N
	Water	Y	Y	N	Y	N	Y	Y	Y*	Y	N
Alaska	Rail	N	Y	N	Y	N	N	N	Y*	N	N
	Motor	N	Y	N	Y	N	N	N	Y*	N	N
	Air	N	Y	N	Y	N	N	N	Y*	N	N
	Water	N	Y	N	Y	N	N	N	Y*	N	N
Arizona	Rail	N	Y	N	Y	Y	N	N	Y*	N	N
	Motor	N	Y	N	Y	Y	Y	N	Y*	N	N
	Air	N	Y	N	Y	Y	N	N	Y*	N	N
	Water	N	Y	N	Y	Y	N	N	Y*	N	N
Arkansas	Rail	N	Y	N	Y	Y	N	Y	Y*	Y	N
	Motor	N	Y	N	Y	Y	N	Y	Y*	Y	Y
	Air	N	Y	N	Y	Y	N	Y	Y*	Y	N
	Water	N	Y	N	Y	Y	N	Y	Y*	Y	N
California	Rail	N	Y	N	Y	Y	N	Y	Y*	N	N
	Motor	N	Y	N	Y	Y	Y	Y	Y*	N	N
	Air	N	Y	N	Y	Y	N	Y	Y*	N	N
	Water	N	Y	N	Y	Y	N	Y	Y*	N	N
Colorado	Rail	N	Y	N	Y	Y	N	Y	Y*	N	N
	Motor	N	Y	N	Y	Y	N	N	Y*	N	Y
	Air	N	Y	N	Y	Y	N	Y	Y*	N	N
	Water	N	Y	N	Y	Y	N	N	Y*	N	N
Connecticut	Rail	N	Y*	N	Y*	N	Y*	Y	Y*	N	N
	Motor	N	Y	N	Y	Y	N	N	Y*	N	N
	Air	N	Y	N	Y	Y	N	N	Y*	N	N
	Water	N	Y	N	Y	Y	N	N	Y*	N	N
Delaware	Rail	N	Y*	N	N	Y**	N	N	Y	Y**	Y
	Motor	N	Y	N	N	Y	N	Y	Y	Y	N
	Air	N	Y	N	N	Y	N	N	Y	Y	N
	Water	N	Y	N	N	Y	N	N	Y	Y	N
District of Columbia	Rail	N	Y	N	Y	Y	N	N	Y*	Y	N
	Motor	N	Y	N	Y	Y	N	N	Y*	Y	N
	Air	N	Y	N	Y	Y	N	N	Y*	Y	N
	Water	N	Y	N	Y	Y	N	N	Y*	Y	N

** Not applied to five major railroads that pay an annual flat fee.

Table 3. Taxes Paid

(Y - Yes; N - No; * - exemption allowed)

State	Carrier	Real Property		Personal Property		Income	Gross Receipts	Regulatory	Sales and Use	Capital Stock	Other
		State	Local	State	Local						
Florida	Rail	N	Y	Y	Y	Y	N	Y	Y*	N	Y
	Motor	N	Y	Y	Y	Y	N	N	Y*	N	N
	Air	N	Y	Y	Y	Y	N	N	Y*	N	Y
	Water	N	Y	Y	Y	Y	N	N	Y*	N	N
Georgia	Rail	N	Y**	N	Y**	Y	N	Y	Y**	Y**	N
	Motor	N	Y	N	Y	Y	N	Y	Y*	Y	Y
	Air	N	Y	N	Y	Y	N	Y	Y*	Y	N
	Water	N	Y	N	Y	Y	N	Y	Y*	Y	N
Hawaii	Rail	N	Y*	N	N	Y	N	Y	Y*	N	N
	Motor	N	Y*	N	N	Y	N	Y	Y*	N	N
	Air	N	Y*	N	N	Y	N	Y	Y*	N	N
	Water	N	Y*	N	N	Y	N	Y	Y*	N	N
Idaho	Rail	N	Y	N	Y	Y	N	Y	Y*	N	N
	Motor	N	Y	N	Y	Y	N	Y	Y*	N	N
	Air	N	Y	N	Y	Y	N	Y	Y*	N	N
	Water	N	Y	N	Y	Y	N	Y	Y*	N	N
Illinois	Rail	N	Y	N	N	Y	Y	Y	Y*	N	N
	Motor	N	Y	N	N	Y	Y	N	Y*	N	N
	Air	N	Y	N	N	Y	Y	N	Y*	N	N
	Water	N	Y	N	N	Y	Y	N	Y*	N	N
Indiana	Rail	N	Y	N	Y	Y	N	Y	Y*	N	N
	Motor	N	Y	N	Y*	Y	N	Y	Y*	N	Y
	Air	N	N	N	N	Y	N	Y	Y*	N	Y
	Water	N	N	N	N	Y	N	Y	Y*	N	Y
Iowa	Rail	N	Y	N	Y	Y	N	Y	Y*	Y	N
	Motor	N	Y	N	Y	Y	N	Y	Y*	Y	N
	Air	N	Y	N	Y	Y	N	Y	Y*	Y	N
	Water	N	Y	N	Y	Y	N	Y	Y*	Y	N
Kansas	Rail	N	Y	Y	Y	Y	N	N	Y*	Y	N
	Motor	N	Y	Y	Y	Y	N	N	Y*	Y	N
	Air	N	Y	Y	Y	Y	N	N	Y*	Y	N
	Water	N	Y	Y	Y	Y	N	N	Y*	Y	N
Kentucky	Rail	Y	Y	Y	Y	Y	N	N	Y*	N	N
	Motor	Y	Y	Y	Y	Y	N	N	Y*	N	Y
	Air	Y	Y	Y	Y	Y	N	N	Y*	N	N
	Water	Y	Y	Y	Y	Y	N	N	Y*	N	N
Louisiana	Rail	N	Y	N	Y	N	Y	N	Y*	Y	N
	Motor	N	Y	N	Y	N	Y	N	Y*	Y	N
	Air	N	Y	N	Y*	Y	N	N	Y*	Y	N
	Water	N	Y	N	Y	N	Y	N	Y*	Y	N

** In addition to exemptions available to all railroads, the Georgia Railroad Company is subject to 0.5% net earnings tax in lieu of all other taxes.

Table 3. Taxes Paid

(Y - Yes; N - No; * - exemption allowed)

State	Carrier	Real Property		Personal Property		Income	Gross Receipts	Regulatory	Sales and Use	Capital Stock	Other
		State	Local	State	Local						
Maine	Rail	N	Y*	N	Y	N	Y*	N	Y*	N	N
	Motor	N	Y	N	Y	Y	N	N	Y*	N	N
	Air	N	Y	N	Y	Y	N	N	Y*	N	N
	Water	N	Y	N	Y	Y	N	N	Y*	N	N
Maryland	Rail	N	Y	N	Y*	N	Y	Y	Y*	N	N
	Motor	N	Y	N	Y*	N	Y	Y	Y*	N	N
	Air	N	Y	N	Y*	N	Y	Y	Y*	N	N
	Water	N	Y	N	Y*	N	Y	Y	Y*	N	N
Massachusetts	Rail	N	Y*	N	Y	Y	N	N	Y*	N	N
	Motor	N	Y*	Y	Y	Y	N	N	Y*	N	N
	Air	N	Y*	Y	Y	Y	N	N	Y*	N	N
	Water	N	Y*	Y	Y	Y	N	N	Y*	N	N
Michigan	Rail	Y	Y*	Y	Y*	Y	N	Y	Y*	N	N
	Motor	N	Y	Y	Y	Y	N	Y	Y*	N	N
	Air	N	Y	Y	Y	Y	N	Y	Y*	N	N
	Water	N	Y*	Y	Y*	Y	N	Y	Y*	N	N
Minnesota	Rail	N	Y	N	Y*	Y	N	N	Y*	N	N
	Motor	N	Y	N	Y*	Y	N	N	Y*	N	N
	Air	N	Y	N	Y*	Y	N	N	Y*	N	N
	Water	N	Y	N	Y	Y	N	N	Y*	N	N
Mississippi	Rail	N	Y	N	Y	Y	N	N	Y*	N	Y
	Motor	N	Y	N	Y*	Y	N	N	Y*	N	N
	Air	N	Y	N	Y	Y	N	N	Y*	N	N
	Water	N	Y	N	Y	Y	N	N	Y*	N	N
Missouri	Rail	N	Y	N	Y	Y	N	Y	Y*	Y	N
	Motor	N	Y	N	Y	Y	N	Y	Y*	Y	N
	Air	N	Y	N	Y	Y	N	Y	Y*	Y	N
	Water	N	Y	N	Y	Y	N	N	Y*	Y	N
Montana	Rail	N	Y	N	Y	Y	N	Y	N	N	N
	Motor	N	Y	N	Y	Y	N	Y	Y	N	N
	Air	N	Y	N	Y	Y	N	Y	N	N	N
	Water	N	Y	N	Y	Y	N	N	N	N	N
Nebraska	Rail	N	Y	N	Y	Y	N	N	Y*	Y	Y
	Motor	N	Y	N	Y	Y	N	N	Y*	Y	Y
	Air	N	Y	N	Y	Y	N	N	Y*	Y	N
	Water	N	Y	N	Y	Y	N	N	Y*	Y	N
Nevada	Rail	N	Y	N	Y*	N	N	Y	Y*	N	N
	Motor	N	Y	N	Y*	N	N	Y	Y*	N	Y
	Air	N	Y	N	Y	N	N	Y	Y*	N	N
	Water	N	Y	N	Y	N	N	Y	Y*	N	N

Table 3. Taxes Paid

(Y - Yes; N - No; * - exemption allowed)

State	Carrier	Real Property		Personal Property		Income	Gross Receipts	Regulatory	Sales and Use	Capital Stock	Other
		State	Local	State	Local						
New Hampshire	Rail	N	Y	N	Y*	Y	N	N	N	Y	N
	Motor	N	Y	N	Y	Y	N	N	N	Y	Y
	Air	N	Y	N	Y	Y	N	N	N	Y	N
	Water	N	Y	N	Y	Y	N	N	N	Y	N
New Jersey	Rail	N	Y*	N	Y*	Y	N	Y	Y*	N	Y
	Motor	N	Y	N	Y	Y	N	Y	Y*	N	N
	Air	N	Y	N	Y	Y	N	Y	Y*	N	N
	Water	N	Y	Y	Y	Y	N	Y	Y*	N	N
New Mexico	Rail	N	Y	N	Y	Y	N	Y	Y*	Y	N
	Motor	N	Y	N	Y	Y	N	Y	Y*	Y	Y
	Air	N	Y	N	Y	Y	N	Y	Y*	Y	N
	Water	N	Y	N	Y	Y	N	Y	Y*	Y	N
New York	Rail	N	Y*	N	N	N	Y	N	Y*	Y	N
	Motor	N	Y	N	N	N	Y	N	Y*	Y	Y
	Air	N	Y	N	N	N	Y	N	Y*	Y	N
	Water	N	Y	N	N	N	Y	N	Y*	Y	N
North Carolina	Rail	N	Y	N	Y	Y	N	N	Y*	Y*	N
	Motor	N	Y	N	Y	Y	N	N	Y*	Y	Y
	Air	N	Y	N	Y	Y	N	N	Y*	Y	N
	Water	N	Y	N	Y	Y	N	N	Y*	Y	N
North Dakota	Rail	N	Y	N	Y	Y	N	N	Y*	N	N
	Motor	N	Y	N	Y	Y	N	N	Y*	N	Y
	Air	N	Y	N	Y	Y	N	N	Y*	N	N
	Water	N	Y	N	Y	Y	N	N	Y*	N	N
Ohio	Rail	N	Y	Y	Y	N	Y	Y	Y*	N	N
	Motor	N	Y	Y	Y	Y	N	Y	Y*	N	Y
	Air	N	Y	Y	Y	Y	N	Y	Y*	N	N
	Water	N	Y	Y	Y	Y	N	Y	Y*	N	N
Oklahoma	Rail	N	Y	N	Y	Y	N	N	Y*	Y	N
	Motor	N	Y	N	Y	Y	N	N	Y*	Y	Y
	Air	N	Y	N	Y	Y	N	N	Y*	Y	N
	Water	N	Y	N	Y	Y	N	N	Y*	Y	N
Oregon	Rail	N	Y	N	Y*	Y	N	N	N	Y	N
	Motor	N	Y	N	Y	Y	N	N	N	Y	Y
	Air	N	Y	N	Y	Y	N	N	N	Y	N
	Water	N	Y	N	Y	Y	N	N	N	Y	N
Pennsylvania	Rail	Y*	Y*	Y	Y*	Y	Y*	Y	Y*	Y	Y
	Motor	N	Y	Y	Y	Y	Y*	Y	Y*	Y	Y
	Air	N	Y	Y	Y	Y	Y*	Y	Y*	Y	Y
	Water	N	Y	Y	Y	Y	Y*	Y	Y*	Y	Y

Table 3. Taxes Paid
(Y - Yes; N - No; * - exemption allowed)

State	Carrier	Real Property		Personal Property		Income	Gross Receipts	Regulatory	Sales and Use	Capital Stock	Other
		State	Local	State	Local						
Rhode Island	Rail	N	Y	N	Y	N	Y	Y	Y*	Y	N
	Motor	N	Y	N	Y	N	Y	Y	Y*	Y	Y
	Air	N	Y	N	Y	N	Y	Y	Y*	Y	N
	Water	N	Y*	N	Y*	N	Y	Y	Y*	Y	N
South Carolina	Rail	N	Y	N	Y	Y	Y	Y	Y*	N	Y
	Motor	N	Y	N	Y	Y	N	Y	Y*	Y	Y
	Air	N	Y	N	Y	Y	N	Y	Y*	Y	N
	Water	N	Y	N	Y	Y	Y	Y	Y*	Y	N
South Dakota	Rail	Y	Y*	Y	Y	N	N	N	Y*	Y	N
	Motor	Y	Y	N	Y	N	N	N	Y*	Y	Y
	Air	Y	Y	Y	Y	N	N	N	Y*	Y	N
	Water	Y	Y	N	Y	N	N	N	Y*	Y	N
Tennessee	Rail	N	Y	N	Y	Y	Y**	Y	Y*	Y	N
	Motor	N	Y	N	Y	Y	Y**	N	Y*	Y	Y
	Air	N	Y	N	Y	Y	Y**	N	Y*	Y	N
	Water	N	Y	N	Y	Y	Y**	N	Y*	Y	N
Texas	Rail	N	Y	N	Y	N	N	Y	Y*	Y	N
	Motor	N	Y	N	Y	N	N	Y	Y*	Y	Y
	Air	N	Y	N	Y	N	N	Y	Y*	Y	N
	Water	N	Y	N	Y	N	N	Y	Y*	Y	N
Utah	Rail	N	Y	N	Y	Y	N	Y	Y*	N	N
	Motor	N	Y	N	Y	Y	N	Y	Y*	N	N
	Air	N	Y	N	Y	Y	N	Y	Y*	N	N
	Water	N	Y	N	Y	Y	N	Y	Y*	N	N
Vermont	Rail	Y	Y*	Y	Y*	N	N	Y	Y*	N	N
	Motor	N	Y	N	Y	Y*	N	Y	Y*	N	N
	Air	N	Y	N	Y	Y	N	Y	Y*	N	N
	Water	Y*	Y	Y*	Y	Y	N	Y	Y*	N	N
Virginia	Rail	N	Y	N	Y*	Y	Y	Y	Y*	N	N
	Motor	N	Y	N	Y	Y	Y	Y	Y*	Y	Y
	Air	N	Y	N	Y	Y	Y	Y	Y*	Y	N
	Water	N	Y	N	Y	Y	Y	Y	Y*	Y	N
Washington	Rail	N	Y	N	Y*	N	Y	Y	Y*	N	N
	Motor	N	Y	N	Y	N	Y	Y	Y*	N	Y
	Air	N	Y	N	Y	N	Y	Y	Y*	N	N
	Water	N	Y	N	Y	N	Y	Y	Y*	N	N
West Virginia	Rail	N	Y	N	Y	Y	Y	Y	Y*	Y	N
	Motor	N	Y	N	Y	Y	Y	Y	Y*	Y	Y
	Air	N	Y	N	Y	Y	Y	Y	Y*	Y	N
	Water	N	Y	N	Y	Y	Y	Y	Y*	Y	N

** Taxpayer option exists to pay a flat rate based on capital stock as a substitute tax.

Table 3. Taxes Paid

(Y - Yes; N - No; * - exemption allowed)

State	Carrier	Real Property		Personal Property		Income	Gross Receipts	Regulatory	Sales and Use	Capital Stock	Other
		State	Local	State	Local						
Wisconsin	Rail	Y	Y	N	Y	N	Y	Y*	N	N	
	Motor	Y	Y	N	Y*	Y	N	Y	Y*	N	Y
	Air	Y	Y	N	Y	Y	N	Y	Y*	N	N
	Water	Y	Y	N	Y*	Y	N	Y	Y*	N	Y
Wyoming	Rail	Y	Y	N	Y	N	Y	Y*	Y	Y	N
	Motor	Y	Y	N	Y	N	N	Y	Y*	Y	Y
	Air	Y	Y	N	Y	N	N	Y	Y*	Y	N
	Water	Y	Y	N	Y	N	N	Y	Y*	Y	N

Table 4. Transportation Company Property Tax Exemptions and Credits

State	Carrier	Real Property Tax Exemptions	Personal Property Tax Exemptions	Maintenance Credits
Alabama	Rail	None	None	None
	Motor	None	None	None
	Air	None	None	None
	Water	None	None	None
Alaska	Rail	None	None	None
	Motor	None	None	None
	Air	None	None	None
	Water	None	None	None
Arizona	Rail	None	None	None
	Motor	None	None	None
	Air	None	None	None
	Water	None	None	None
Arkansas	Rail	None	None	None
	Motor	None	None	None
	Air	None	None	None
	Water	None	None	None
California	Rail	None	None	None
	Motor	None	None	None
	Air	None	None	None
	Water	None	None	None
Colorado	Rail	None	None	None
	Motor	None	None	None
	Air	None	None	None
	Water	None	None	None
Connecticut	Rail	Operating property	Operating property	None
	Motor	None	None	None
	Air	None	Tangible personal property	None
	Water	None	None	None

Table 4. Transportation Company Property Tax Exemptions and Credits

State	Carrier	Real Property Tax Exemptions	Personal Property Tax Exemptions	Maintenance Credits
Delaware	Rail	Land within right-of-way	Not applicable	None
	Motor	None	Not applicable	None
	Air	None	Not applicable	None
	Water	None	Not applicable	None
Dist. of Columbia	Rail	None	None	None
	Motor	None	None	None
	Air	None	None	None
	Water	None	None	None
Florida	Rail	None	None	None
	Motor	None	None	None
	Air	None	None	None
	Water	None	None	None
Georgia	Rail	Georgia Railroad Company property	Georgia Railroad Company property	None
	Motor	None	None	None
	Air	None	None	None
	Water	None	None	None
Hawaii	Rail	Operating property	Not applicable	None
	Motor	Operating property	Not applicable	None
	Air	Operating property	Not applicable	None
	Water	Operating property	Not applicable	None
Idaho	Rail	None	None	None
	Motor	None	None	None
	Air	None	None	None
	Water	None	None	None
Illinois	Rail	None	Not applicable	None
	Motor	None	Not applicable	None
	Air	None	Not applicable	None
	Water	None	Not applicable	None

Table 4. Transportation Company Property Tax Exemptions and Credits

State	Carrier	Real Property Tax Exemptions	Personal Property Tax Exemptions	Maintenance Credits
Indiana	Rail	None	None	None
	Motor	None	Motor vehicles subject to vehicle excise tax	None
Iowa	Air	Operating property	Operating property	None
	Water	Operating property	Operating property	None
	Rail	None	None	None
	Motor	None	None	None
Kansas	Air	None	None	None
	Water	None	None	None
	Rail	None	None	None
	Motor	None	None	None
Kentucky	Air	None	None	None
	Water	None	None	None
	Rail	None	None	None
	Motor	None	Irregular route common carrier vehicles	None
Louisiana	Air	None	None	None
	Water	None	None	None
	Rail	None	None	None
	Motor	None	Motor vehicles	None
Maine	Air	None	None	None
	Water	None	Gasoline powered boats; ships registered in state engaged in overseas trade	None
	Rail	Land within right-of-way	None	None
	Motor	None	None	None
	Air	None	None	None
	Water	None	None	None

Table 4. Transportation Company Property Tax Exemptions and Credits

State	Carrier	Real Property Tax Exemptions	Personal Property Tax Exemptions	Maintenance Credits
Maryland	Rail	None	Rolling stock and repair parts (IC)*	None
	Motor	None	Motor vehicles and repair parts (IC)	None
	Air	None	Aircraft (IC)	None
	Water	None	Watercraft not greater than 100 (IC)	None
Massachusetts	Rail	60% of real estate taxes paid in 1961-1963 from current year if net income for each of 3 years preceding claim was \$25,000 or less; Land within right-of-way	None	None
	Motor	None	None	None
	Air	None	None	None
	Water	None	None	None
	Rail	Operating property (local general taxes only)	Operating property (local general taxes only)	25% of right-of-way maintenance expenses is credited against property tax
	Motor	None	None	None
	Air	None	None	None
	Water	All property	All property	None
	Rail	None	Rolling stock	None
Minnesota	Motor	None	Registered motor vehicles	None
	Air	None	Registered aircraft	None
	Water	None	None	None

* (IC) = if engaged in interstate commerce

Table 4. Transportation Company Property Tax Exemptions and Credits

State	Carrier	Real Property Tax Exemptions	Personal Property Tax Exemptions	Maintenance Credits
Mississippi	Rail	None	None	None
	Motor	None	Motor vehicles	None
	Air	None	None	None
	Water	None	None	None
Missouri	Rail	None	None	None
	Motor	None	None	None
	Air	None	None	None
	Water	None	None	None
Montana	None	None	None	None
	Motor	None	None	None
	Air	None	None	None
	Water	None	None	None
Nebraska	Rail	None	None	None
	Motor	None	None	None
	Air	None	None	None
	Water	None	None	None
Nevada	Rail	Operating property in state preservation program while service on line is discontinued	None	None
	Motor	None	Motor vehicles subject to registration fee	None
	Air	None	None	None
New Hampshire	Water	None	None	None
	Rail	Operating property less than 10 years old; Governor can exempt any property after consultation with State Tax Commission	Operating property less than 10 years old; Governor can exempt any property after consultation with State Tax Commission	None
	Motor	None	None	None
	Air	None	None	None
	Water	None	None	None

Table 4. Transportation Company Property Tax Exemptions and Credits

State	Carrier	Real Property Tax Exemptions	Personal Property Tax Exemptions	Maintenance Credits
New Jersey	Rail	Operating property (local general taxes only); land within right-of-way	Operating property (local general taxes only);	None
	Motor	None	None	None
	Air Water	None None	None None	None None
New Mexico	Rail	None	None	None
	Motor	None	None	None
	Air Water	None None	Registered aircraft None	None None
New York	Rail	Operating property of rail- roads subsidized by federal or state governments; certain passenger stations and related property in cities with popula- tion greater than 1 million; certain newly constructed bridges, viaducts, and similar structures; certain grade cross- ing improvements and replace- ment of facilities used for transportation purposes; value of operating property exceeding state ceiling assessment	Not applicable	None
	Motor	None	Not applicable	None
	Air Water	None None	Not applicable Not applicable	None None
North Carolina	Rail	None	None	None
	Motor	None	None	None
	Air Water	None None	None None	None None

Table 4. Transportation Company Property Tax Exemptions and Credits

State	Carrier	Real Property Tax Exemptions	Personal Property Tax Exemptions	Maintenance Credits
North Dakota	Rail	None	None	None
	Motor	None	None	None
	Air	None	None	None
	Water	None	None	None
Ohio	Rail	None	None	None
	Motor	None	None	None
	Air	None	None	None
	Water	None	None	None
Oklahoma	Rail	None	None	None
	Motor	None	None	None
	Air	None	None	None
	Water	None	None	None
Oregon	Rail	None	Cars undergoing major repairs	None
	Motor	None	None	None
	Air	None	None	None
	Water	None	None	None
Pennsylvania	Rail	Operating property (local general taxes, except Philadelphia/Pittsburgh operating property, excluding right-of-way	None	25% of right-of-way maintenance and improvement costs is credited against the gross receipts tax
	Motor	None	None	None
	Air	None	None	None
	Water	None	None	None
Rhode Island	Rail	None	None	None
	Motor	None	None	None
	Air	None	None	None
	Water	None	Vessels in foreign commerce	None

Table 4. Transportation Company Property Tax Exemptions and Credits

State	Carrier	Real Property Tax Exemptions	Personal Property Tax Exemptions	Maintenance Credits
South Carolina	Rail	None	None	None
	Motor	None	None	None
	Air	None	None	None
	Water	None	None	None
South Dakota	Rail	None	None	100% of right-of-way and track maintenance costs credited against property tax in each of the next three years
	Motor	None	None	None
	Air	None	None	None
	Water	None	None	None
Tennessee	Rail	None	None	None
	Motor	None	None	None
	Air	None	None	None
	Water	None	None	None
Texas	Rail	None	None	None
	Motor	None	None	None
	Air	None	None	None
	Water	None	None	None
Utah	Rail	None	None	None
	Motor	None	None	None
	Air	None	None	None
	Water	None	None	None
Vermont	Rail	Operating property (local general taxes only)	Operating property (local general taxes only)	None
	Motor	None	None	None
	Air	None	None	None
	Water	None	None	None

Table 4. Transportation Company Property Tax Exemptions and Credits

State	Carrier	Real Property Tax Exemptions	Personal Property Tax Exemptions	Maintenance Credits
Virginia	Rail	None	Rolling stock (local general taxes only)	None
	Motor	None	None	None
	Air	None	None	None
Washington	Water	None	None	None
	Rail	None	None	None
	Motor	None	Motor vehicles subject to motor vehicle excise tax (local general taxes only)	None
West Virginia	Air	None	None	None
	Water	None	None	None
	Rail	None	None	None
Wisconsin	Motor	None	None	None
	Air	None	None	None
	Water	None	None	None
Wyoming	Rail	None	None	None
	Motor	None	Motor vehicles	None
	Air	None	None	None
Wyoming	Water	None	Vessels (IC)	None
	Rail	None	None	None
	Motor	None	None	None
Wyoming	Air	None	None	None
	Water	None	None	None
	Rail	None	None	None

Table 5. Sales and Use Tax Exemptions

State	Railroad	Motor Carrier	Air Carrier	Water Carrier	Industry
Alabama	Transportation, natural gas, water, and electricity from a PSC rate-regulated public utility; pure services (no materials furnished); motor fuels subject to motor fuels tax				
	Railroad cars sold by in-state builder; equipment rentals (IC)*; operating fuel	Operating fuel	Aircraft sold and built in-state but not domiciled therein; operating fuel	Vessels greater than 50 tons built in-state and equipment that becomes part of it; vessels rentals (IC); supplies of vessels that ply the high seas (IC); operating fuel	Manufacturing and processing materials that become part of finished product; manufacturing fuel
Alaska	----- Motor fuels subject to motor fuels tax; no use tax levied -----				
	No other	No other	No other	No other	Manufacturing and processing materials that become part of finished product or are consumed in the process
Arizona	Common or contract motor carrier services; transportation services (IC); services where tangible personal property is inconsequential part of sale; motor fuels subject to motor fuels tax				
	Rolling stock, rails, ties, and signal equipment	Duses of companies holding federal or state certificate of public convenience	Aircraft and maintenance/repair parts to holder of certificate of public convenience	No other	Manufacturing and processing materials that become part of finished product; machinery and equipment used in industrial process
Arkansas	----- Transportation services; motor fuels subject to motor fuels tax -----				
	Maintenance and repair parts	No other	Maintenance and repair parts	Fuel for vessels of 50 tons or greater	Manufacturing and processing materials that become part of finished product

* (IC) = Engaged in interstate commerce

Table 5. Sales and Use Tax Exemptions

State	Railroad	Motor Carrier	Air Carrier	Water Carrier	Industry
California	Natural gas, electricity, water, steam and telephone services from a public utility; services where tangible personal property is inconsequential part of sale				
	Freight cars and their maintenance/repair parts (IC)	No other	Common carrier aircraft	Watercraft and its maintenance/repair parts (IC)	Manufacturing and processing materials that become part of finished product
Colorado		Rentals/leases of less than 3 years duration; motor fuels subject to motor fuels tax			
	Fuels and electricity for railroad transportation services	No other	No other	No other	Manufacturing and processing materials that become part of finished product; machinery and equipment used in industrial process with a value greater than \$400,000 (after 1982 - \$500,000)
Connecticut		Natural gas, electricity, water, steam, and telephone services from a public utility; motor fuels subject to motor fuels tax			
	No other	No other	Aircraft built in-state (IC)	No other	Manufacturing and processing materials, tools, supplies, equipment, and machinery directly used in industrial process; manufacturing fuel
District of Columbia		Transportation services; motor fuels subject to motor fuels tax			
	Tangible personal property owned and held by railroads for use outside D.C. (IC) is not subject to use tax	Tangible personal property owned and held by common carriers for use outside D.C. (IC) is not subject to use tax	Tangible personal property owned and held by common carriers for use outside D.C. (IC) is not subject to use tax	Tangible personal property owned and held by common carriers for use outside D.C. (IC) is not subject to use tax	Manufacturing and processing materials that become part of finished product; manufacturing fuels

Table 5. Sales and Use Tax Exemptions

State	Railroad	Motor Carrier	Air Carrier	Water Carrier	Industry
Florida	No other	No other	Aircraft to PSC regulated air carrier	No other	Manufacturing and processing materials that become part of finished product; manufacturing fuel; sales and use tax greater than \$100,000 for machinery and equipment for manufacturing expansion; new business machinery and equipment at fixed locations in-state
Georgia	Rolling stock and its repair parts (IC)	Motor vehicles and their repair parts sold to common carriers (IC)	Aircraft and its repair parts sold to common carriers (IC)	Watercraft and its repair parts sold to common carriers (IC); fuel and supplies for watercraft (IC)	Manufacturing and processing materials that become part of finished product or are consumed in the process
Hawaii	Railroad operating purchases	Common and contract motor carrier operating purchases	Common and contract air carrier operating purchases; leased aircraft to common or contract air carrier is exempt from use tax	Common and contract water carrier operating purchases; leased vessels to common or contract water carrier is exempt from use tax	Manufacturing materials, tools, equipment, and machinery used in industrial process are exempt from use tax
Idaho	No other	No other	No other	No other	Manufacturing and processing materials, tools, equipment, and machinery used in industrial process

Table 5. Sales and Use Tax Exemptions

State	Railroad	Motor Carrier	Air Carrier	Water Carrier	Industry
Illinois	----- Natural gas, electricity, water, steam, and telephone services from a public utility; transportation services separately billed -----				
	Rolling stock (IC)	Motor vehicle rentals; rolling stock of common carriers (IC)	Aircraft (IC)	Fuel for vessel on rivers bordering Illinois	Manufacturing and processing materials that become part of finished product; machinery, equipment and repair parts 1982 - 81.25% exempt; 1983 - 93.75% exempt; after 1983 - 100% exempt
Indiana	----- Services, in general, and transportation services of ICC/PSC/CAB public carriers, in particular -----				
	Tangible personal property sold to ICC/PSC public carriers	Tangible personal property sold to ICC/PSC public carriers	Tangible personal property sold to ICC/CAB public carriers	Tangible personal property sold to ICC/PSC public carriers	Manufacturing and processing materials, equipment, tools, and machinery used in industrial process
Iowa	----- Transportation services; motor fuels subject to motor fuels tax -----				
	Sales of rolling stock and its repair parts	Buses of foreign companies (IC)	No other	No other	Manufacturing and processing materials that become part of finished product; manufacturing fuel
Kansas	----- Motor fuels subject to motor fuels tax -----				
	Rolling stock and all purchases for direct railroad use (IC)	Common carrier rolling stock and fuel (IC)	Aircraft and fuel (IC)	No other	Manufacturing and processing materials that become part of a retail product or are consumed in the process; public utility purchases used in process of manufacturing retail product

Table 5. Sales and Use Tax Exemptions

State	Railroad	Motor Carrier	Air Carrier	Water Carrier	Industry
Kentucky	All services separately itemized, in general, and intrastate transportation services, in particular; motor fuels subject to motor fuels tax				
	Rolling stock and fuel (IC)	Rolling stock entering Kentucky in interstate commerce (IC); trailers and semi-trailers	Aircraft entering Kentucky in interstate commerce (IC)	Watercraft entering Kentucky in interstate commerce (IC)	Manufacturing and processing materials that become part of finished product; manufacturing fuel in excess of 3% of cost of production; machinery for new and expanding industry
Louisiana	----- Natural gas, water, and stream; motor fuels subject to motor fuels tax -----				
Maine	No other	No other	Aircraft and its equipment and repair parts for a commuter airline register in-state	Vessels greater than 50 tons and their repair parts built in-state; vessels supplies and materials (IC)	Manufacturing and processing materials that become part of finished product
	Rolling stock used not less than 80% in interstate commerce over a 2 year period	Motor vehicles used not less than 80% in interstate commerce over a 2 year period; truck bodies and trailers built in-state	Aircraft used not less than 80% in interstate commerce over a 2 year period	Watercraft used not less than 80% in interstate commerce over a 2 year; fuel oil (IC)	Manufacturing and processing materials with a useful life not greater than 1 year that become part of finished product or are consumed in the process; new machinery and equipment to produce retail product
Maryland	----- Transportation services; repair services separately billed; motor fuels subject to motor fuels tax -----				
	Rolling stock and its repair parts (IC)	Motor vehicles and their repair parts (IC)	Aircraft and its repair parts (IC); aviation fuel	Watercraft and its repair parts (IC)	Manufacturing and processing materials that become part of retail product or are consumed in the process; manufacturing fuel, machinery and equipment

Table 5. Sales and Use Tax Exemptions

State	Railroad	Motor Carrier	Air Carrier	Water Carrier	Industry
Massachusetts	Natural gas, water, electricity, and telephone services from a public utility; transportation services; motor fuels subject to motor fuels tax				
	Operating fuel	No other	Vessels greater than 50 tons built in-state and their fuels, supplies, and repairs	Aircraft fuel	Manufacturing and processing materials, fuels, supplies, machinery (and its repair parts) used to make a retail product
Michigan	Transportation services; services when value of materials is incidental to sales; rentals of personal property that has paid the sales and use tax; motor fuels subject to motor fuels tax				
	Rolling stock; purchases shipped from outside Michigan are not subject to use tax	Rolling stock	No other	Special order of 500 ton vessels or greater and their repair/maintenance parts and supplies (IC)	Manufacturing and processing materials, fuel, tools, machinery, and equipment that becomes part of finished product or is used in the process
Minnesota					
	Rolling stock of public utility taxpayers	No other	Aircraft and its repair parts and equipment that is subject to commissioner of revenue tax	No other	Manufacturing and processing materials and fuels that are used in the process of manufacturing a product that ultimately sells at retail
Mississippi					
	Sales/rental of locomotives and their repair parts if ICC/PSC rate-regulated	No other	No other	Vessels of 50 tons or greater; vessel repairs and petroleum products (IC); machinery, tools, fuels, supplies, and equipment to manufacture/repair vessels of 3,000 tons or greater	Manufacturing and processing materials that become part of finished product or are consumed in the process

Table 5. Sales and Use Tax Exemptions

State	Railroad	Motor Carrier	Air Carrier	Water Carrier	Industry
Missouri	----- Motor fuels subject to motor fuels tax -----				
	Rolling stock and its materials and parts (IC)	Common carrier motor vehicles and their materials and parts (IC)	Aircraft (IC); common carrier aircraft materials and parts (IC)	Common carrier watercraft materials and parts (IC); fuels to vessels on waters bordering Missouri	Manufacturing and processing materials that become part of finished product or are consumed in the process; manufacturing machinery and equipment for new and expanding business or if purchase was caused by a product change
Nebraska	----- Services, in general, and transportation services in particular; motor fuels subject to motor fuels tax -----				
	Rolling stock and its materials and repair parts; energy fuels	Common or contract motor carrier vehicles and their materials and repair parts; energy fuels	Common or contract air carrier aircraft and its materials and repair parts; energy fuels	Common or contract watercraft materials and repair parts; energy fuels	Manufacturing and processing materials that become part of retail product; equipment and machinery of manufacturing facility begun after July 1, 1981
Nevada	----- Services when tangible personal property is inconsequential part of sale; natural gas, electricity, and water that flows through mains or lines; motor fuels subject to motor fuels tax -----				
	No other	No other	Jet fuel	No other	Manufacturing and processing materials that become part of retail product

Table 5. Sales and Use Tax Exemptions

State	Railroad	Motor Carrier	Air Carrier	Water Carrier	Industry
New Jersey	Rolling stock and its repair parts, power transmission equipment, signals, and track materials if ICC rate-regulated; operating fuel	Sales/rentals of in-state registered motor vehicles of 18,000 lbs or greater or ICC carrier vehicles registered in-state; repair parts for vehicles of both descriptions; buses and their repair parts used for public passenger transportation	Aircraft and its repair parts; aircraft fuel	Vessels of 50 tons or greater and their repair parts (IC)	Manufacturing and processing materials that become part of finished product; machinery and equipment used in industrial process
New Mexico	Rolling stock and its materials are exempt from the use tax	Transportation services (IC); registered motor vehicles; motor fuels subject to motor fuels tax	Vehicle leases to ICC carrier (IC)	No other	Manufacturing and processing materials that become part of finished product or are consumed in the process
New York	Sales to a profitable railroad from a railroad reorganized under the Railroad Reorganization Act of 1973	Vehicle rentals to an authorized carrier as augmenting equipment; omnibus company fuel and equipment used in local transit is entitled to a refund	Aircraft and its installed machinery and equipment; property used by or purchased for the chases use of such aircraft for maintenance and repairs; flight simulators; aviation fuel for CAB certified carrier	Vessels, supplies and repair parts (IC)	Manufacturing and processing materials that become part of a resold product; machinery and equipment for direct use or consumption in production of tangible personal property; fuel, natural gas, electricity, refrigeration and steam, and services of same to produce a tangible personal product

Table 5. Sales and Use Tax Exemptions

State	Railroad	Motor Carrier	Air Carrier	Water Carrier	Industry
Pennsylvania	Rail freight transportation equipment and its repair parts	Common carrier vehicles	Common carrier aircraft and its repair parts	Vessels greater than 50 tons and their repair parts; vessel fuel primarily for out-state use	Manufacturing and processing materials that become part of finished product or are consumed in the process; machinery and equipment used in industrial process
Rhode Island	Nonresidents are not subject to the use tax; motor fuels subject to the motor fuels tax				
	No other	No other	No other	Vessels of 50 tons or greater and their repair parts and supplies (IC)	Manufacturing and processing materials (including natural gas, water, and electricity) that are used within one year
South Carolina	Freight transportation services; services not incidental to sale of tangible personal property				
	Rolling stock and its repair parts	No other	No other	Vessels of 50 tons or greater; supplies of vessel operating the high seas (IC); vessel fuel (IC)	Manufacturing and processing materials that become part of the finished product; manufacturing natural gas, water, and electricity; machinery and equipment used in industrial process
South Dakota	Freight transportation services; services not incidental to sale of tangible personal property				
	Locomotive fuel; railroad car rentals; operating property is 50% exempt	Operating fuel (IC) rolling stock maintenance materials are exempt from the use tax (IC)	Operating fuel (IC)	Operating fuel (IC)	Manufacturing and processing materials that become part of the finished product or are consumed in the process; manufacturing fuel

Table 5. Sales and Use Tax Exemptions

State	Railroad	Motor Carrier	Air Carrier	Water Carrier	Industry
North Carolina	----- Transportation services, electricity, gas, and water delivered through mains or lines; motor fuels subject to motor fuels tax				
	Rolling stock repair parts and lubricants	Rolling stock repair parts and lubricants of ICC permit holder	Aircraft repair parts and lubricants of CAB permit holder	Tangible personal property and fuel to ocean going vessels (IC)	Manufacturing and processing materials that become part of the finished product
North Dakota	----- Electricity; common carrier transportation services; motor fuels subject to motor fuels tax				
	Rolling stock and its repair parts are not subject to the use tax; railroad car rentals	No other	No other	No other	Manufacturing and processing materials that become part of retail product
Ohio	Natural gas, electricity, steam, water, and telephone services delivered through mains or lines; common carrier transportation services; motor fuels subject to motor fuels tax				
	Operating supplies, equipment, machinery, and fuel	Common carrier operating supplies, equipment, machinery, and fuel	Common carrier operating supplies, equipment, machinery, and fuel	Common carrier operating supplies; equipment, fuel, and machinery; vessels and their repair parts (IC)	Manufacturing and processing materials that become part of finished product or are consumed in the process; machinery and equipment used in industrial process
Oklahoma	----- Tangible personal property used on a railroad (IC) is not subject to the use tax	No other	Tangible personal property used on an airline (IC) is not subject to the use tax; aircraft fuel	Water; motor fuel subject to motor fuels tax	Manufacturing and processing materials that become part of finished product or are consumed in the process; machinery and equipment used in industrial process

Table 5. Sales and Use Tax Exemptions

State	Railroad	Motor Carrier	Air Carrier	Water Carrier	Industry
Tennessee	<p>----- Transportation services, so long as title to goods does not pass at destination point; motor fuels subject to motor fuels tax -----</p> <p>Rolling stock (IC) No other</p>	<p>Aircraft and its repair parts (IC)</p>	<p>Vessels (IC); repair parts for vessels of 50 tons or greater (IC); tangible personal property and fuel to a vessel in midstream of Tennessee bordering waters</p>	<p>Manufacturing and processing materials that become part of finished product or are consumed in the process; manufacturing water, natural gas, and electricity; machinery and equipment used in the industrial process (after 7/83)</p>	
Texas	<p>----- Motor fuels subject to motor fuels tax -----</p> <p>Rolling stock and its fuel and supplies</p>	<p>No other</p>	<p>Aircraft</p>	<p>Vessels and their repair parts; vessel materials and supplies (IC)</p>	<p>Manufacturing and processing materials that become part of finished product or are consumed in the process; equipment used in industrial process with a useful life of 6 months or less; industrial natural gas, water and electricity</p>
Utah	<p>----- Chartered transportation services; in-state freight or express services; motor fuels subject to motor fuels tax -----</p> <p>No other</p>	<p>No other</p>	<p>No other</p>	<p>No other</p>	<p>Manufacturing and processing materials that become part of finished product; manufacturing fuel</p>

Table 5. Sales and Use Tax Exemptions

State	Railroad	Motor Carrier	Air Carrier	Water Carrier	Industry
Vermont	<p>--- Services, in general, and transportation services, in particular water and telephone services; motor fuels subject to motor fuels tax ---</p> <p>No other</p>	No other	No other	No other	Manufacturing and processing materials, machinery, equipment that become part of finished product; or are used in the process
Virginia	<p>----- Natural gas, electricity, and water delivered through mains or lines; motor fuels subject to motor fuels tax -----</p> <p>Purchases and leases of tangible personal property directly used in their operation</p>	<p>Purchases and leases of tangible personal property directly used in common carrier operations</p>	<p>Purchases and leases of tangible personal property directly used in common carrier operations</p>	<p>Ships, their repair parts, and fuel (IC)</p>	<p>Manufacturing and processing materials that become part of finished product; machinery, fuel, equipment and tools used in the industrial process</p>
Washington	<p>----- Motor fuels subject to motor fuels tax -----</p> <p>Rolling stock and its repair parts; operating purchases</p>	<p>Operating purchases of common or contract carrier; trailers and vehicle repair parts of ICC permit holder</p>	<p>Aircraft and its repair parts</p>	<p>Watercraft, and its repair parts; operating purchases of carriers with vessels not greater than 65 feet</p>	<p>Manufacturing and processing materials that become part of finished product</p>
West Virginia	<p>PSC regulated services, including transportation, natural gas, electricity, steam, water, telephone, and telegraph services; motor fuels subject to motor fuels tax</p> <p>Operating equipment, tools, and supplies of ICC/PSC regulated railroad</p>	<p>Operating equipment, tools, and supplies of ICC/PSC regulated carrier</p>	<p>Operating equipment, tools, and supplies of ICC/PSC regulated carrier</p>	<p>Operating equipment, tools, and supplies of ICC/PSC regulated carrier</p>	<p>Manufacturing and processing materials, equipment, tools, machinery, and supplies that become part of finished product or are consumed in the process</p>

Table 5. Sales and Use Tax Exemptions

State	Railroad	Motor Carrier	Air Carrier	Water Carrier	Industry
Wisconsin	Rolling stock and its repair parts and fuel	Rolling stock and its repair parts, supplies, and fuel of common or contract motor carrier	Aviation fuel	Vessels of 50 tons or greater and their repair parts and fuel (IC)	Manufacturing and processing materials, machinery, and equipment that become part of finished product or are consumed in the process
	----- Transportation services; motor fuels subject to motor fuels tax -----				
Wyoming	Interstate transportation services; purchases where the state excise tax is greater than 5% or the federal excise tax is greater than 20%; water delivered through mains; motor fuels subject to motor fuels tax	Sales or leases of rolling stock (IC) to ICC permit holder; operating fuel	Operating fuel; aircraft (IC) is not subject to the use tax	Operating fuel	Manufacturing and processing materials that become part of finished product; manufacturing fuel

Table 6. Treatment of Railroads for Tax Purposes: Railroads Compared to Motor Carriers

(+ = Railroads better; - = Railroads worse; 0 = Neutral (railroads neither better nor worse); ? = Uncertain because of different tax bases; NA = Tax not applicable)

State	Real Property Tax	Personal Property Tax	Income or Gross Receipts Tax	Regulatory Assessment	Sales & Use Tax	Capital Stock Tax	Other Taxes & Fees	All Taxes & Fees
Alabama	0	0	?	0	+	0	+	0
Alaska	0	0	0	NA	0	NA	0	0
Arizona	-	-	+	0	+	NA	0	0
Arkansas	0	0	0	0	+	0	+	0
California	0	0	+	0	+	NA	NA	0
Colorado	0	0	0	-	+	NA	0	0
Connecticut	+	+	?	-	0	+	0	+
Delaware	+	NA	-	0	0	?	-	?
District of Columbia	0	0	0	NA	0	0	NA	0
Florida	0	0	0	-	0	NA	0	0
Georgia	0	0	0	0	0	0	+	0
Hawaii	0	NA	0	0	0	NA	0	0
Idaho	0	0	0	?	0	NA	NA	0
Illinois	+	NA	0	-	0	0	NA	0
Indiana	0	-	0	0	0	NA	+	0
Iowa	0	0	0	0	+	0	0	0
Kansas	0	0	0	+	0	0	NA	0
Kentucky	-	-	0	+	+	0	+	0
Louisiana	0	-	?	0	0	0	NA	0
Maine	+	0	?	0	-	NA	0	0
Maryland	0	+	0	0	0	NA	NA	0
Massachusetts	+	0	+	0	+	NA	0	0
Michigan	+	+	0	+	+	NA	NA	+
Minnesota	-	0	0	NA	+	NA	0	0
Mississippi	0	-	+	?	+	0	-	?
Missouri	0	0	0	0	0	0	NA	0
Montana	-	-	0	0	0	NA	0	0

Table 6. Treatment of Railroads for Tax Purposes: Railroads Compared to Motor Carriers

(+ = Railroads better; - = Railroads worse; 0 = Neutral (railroads neither better nor worse); ? = Uncertain because of different tax bases; NA = Tax not applicable)

State	Real Property Tax	Personal Property Tax	Income or Gross Receipts Tax	Regulatory Assessment	Sales & Use Tax	Capital Stock Tax	Other Taxes & Fees	All Taxes & Fees
Nebraska	0	0	0	NA	0	0	?	0
Nevada	+	-	0	0	0	NA	0	0
New Hampshire	+	+	0	NA	NA	0	+	+
New Jersey	+	+	?	0	+	NA	0	?
New Mexico	0	0	0	0	+	0	+	0
New York	+	NA	0	0	?	0	+	0
North Carolina	?	?	0	NA	+	+	+	?
North Dakota	0	0	0	NA	+	NA	+	0
Ohio	0	0	?	0	0	0	+	0
Oklahoma	-	-	0	NA	+	0	+	0
Oregon	0	+	0	0	NA	0	+	0
Pennsylvania	+	0	-	0	?	0	0	0
Rhode Island	0	0	?	0	0	0	+	0
South Carolina	-	-	?	0	+	+	+	?
South Dakota	+	0	0	0	+	0	+	0
Tennessee	0	0	0	-	+	0	+	0
Texas	0	0	0	0	+	0	+	0
Utah	0	0	0	0	0	NA	NA	0
Vermont	+	+	+	-	0	NA	0	+
Virginia	0	+	0	+	0	+	+	+
Washington	0	-	-	-	+	0	+	0
West Virginia	0	0	0	0	0	0	+	0
Wisconsin	+	?	+	-	0	NA	+	?
Wyoming	0	0	NA	0	0	0	+	0

Table 6. Treatment of Railroads for Tax Purposes: Railroads Compared to Motor Carriers

(+ = Railroads better; - = Railroads worse; 0 = Neutral (railroads neither better nor worse); ? = Uncertain because of different tax bases; NA = Tax not applicable)

State	Real Property Tax	Personal Property Tax	Income or Gross Receipts Tax	Regulatory Assessment	Sales & Use Tax	Capital Stock Tax	Other Taxes & Fees	All Taxes & Fees
All states:								
Railroads better	14	8	6	4	21	4	23	5
Railroads worse	6	10	3	8	1	0	2	0
Neutral	30	27	33	29	25	26	15	40
Uncertain	1	2	8	2	2	1	1	6
Not applicable	0	4	1	8	2	20	10	0
Overall - railroads compared to motor carriers	Neutral	Neutral	Neutral	Neutral	Neutral	Neutral	Better	Neutral

Table 7. Treatment of Railroads for Tax Purposes: Railroads Compared to Air Carriers

(+ = Railroads better; - = Railroads worse; 0 = Neutral (railroads neither better nor worse); ? = Uncertain because of different tax bases; NA = Tax not applicable)

State	Real Property Tax	Personal Property Tax	Income or Gross Receipts Tax	Regulatory Assessment	Sales & Use Tax	Capital Stock Tax	Other Taxes & Fees	All Taxes & Fees
Alabama	-	-	?	-	+	0	0	-
Alaska	0	0	0	NA	0	NA	0	0
Arizona	+	+	0	0	0	NA	0	0
Arkansas	0	0	0	0	0	0	0	0
California	0	0	0	0	0	NA	NA	0
Colorado	0	0	0	0	+	NA	0	0
Connecticut	+	0	?	-	-	+	0	?
Delaware	+	NA	-	0	0	?	-	?
District of Columbia	0	0	0	NA	0	0	NA	0
Florida	0	0	0	-	-	NA	+	0
Georgia	0	0	0	0	0	0	0	0
Hawaii	0	NA	0	0	-	NA	0	0
Idaho	0	0	0	-	0	NA	NA	0
Illinois	+	NA	0	-	0	0	NA	0
Indiana	-	-	0	0	0	NA	+	0
Iowa	0	0	0	0	+	0	0	0
Kansas	0	0	0	+	-	0	NA	0
Kentucky	0	0	0	+	+	0	0	0
Louisiana	0	0	?	NA	-	0	NA	0
Maine	+	0	?	0	0	NA	0	0
Maryland	0	+	0	0	-	NA	NA	0
Massachusetts	+	0	0	+	-	NA	0	0
Michigan	+	+	0	+	+	NA	NA	+
Minnesota	0	0	0	NA	-	NA	0	0
Mississippi	0	0	0	?	+	0	-	0
Missouri	0	0	0	0	0	0	NA	0
Montana	0	0	0	0	0	NA	0	0

Table 7. Treatment of Railroads for Tax Purposes: Railroads Compared to Air Carriers

(+ = Railroads better; - = Railroads worse; 0 = Neutral (railroads neither better nor worse); ? = Uncertain because of different tax bases; NA = Tax not applicable)

State	Real Property Tax	Personal Property Tax	Income or Gross Receipts Tax	Regulatory Assessment	Sales & Use Tax	Capital Stock Tax	Other Taxes & Fees	All Taxes & Fees
Nebraska	0	0	0	NA	0	0	-	0
Nevada	+	+	0	0	-	NA	0	0
New Hampshire	+	+	0	NA	NA	0	0	0
New Jersey	+	+	?	0	0	NA	0	?
New Mexico	?	+	0	0	+	0	0	0
New York	+	NA	0	0	-	0	0	0
North Carolina	?	?	0	NA	0	+	0	?
North Dakota	?	?	0	NA	+	NA	0	?
Ohio	0	0	?	0	0	0	0	0
Oklahoma	-	-	0	NA	-	0	0	0
Oregon	0	+	0	-	NA	0	0	0
Pennsylvania	+	0	-	0	0	0	0	0
Rhode Island	0	0	?	0	0	0	0	0
South Carolina	-	?	?	0	+	+	0	?
South Dakota	?	-	0	0	+	0	0	0
Tennessee	0	0	0	-	-	0	0	0
Texas	0	0	0	0	+	0	0	0
Utah	0	0	0	0	0	NA	NA	0
Vermont	+	+	+	-	0	0	0	+
Virginia	0	+	0	0	0	+	0	0
Washington	0	0	-	-	+	0	0	0
West Virginia	0	0	0	0	0	0	0	0
Wisconsin	0	0	+	0	+	NA	0	0
Wyoming	0	0	NA	0	0	0	0	0

