

MAINE STATE LEGISLATURE

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R.D.S.

L.D. 660

DATE: April 8, 1998

(Filing No. S- 783)

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STATE OF MAINE
SENATE
118TH LEGISLATURE
SECOND SPECIAL SESSION

COMMITTEE OF CONFERENCE AMENDMENT "B" to COMMITTEE AMENDMENT "A" to H.P. 489, L.D. 660, Bill, "An Act to Opt out of the Federal Requirement to Use Reformulated Fuel"

Amend the amendment by striking out everything after the title and before the summary and inserting in its place the following:

'Amend the bill by striking out the title and substituting the following:

'An Act to Promote Clean Fuel Alternatives'

Further amend the bill by striking out everything after the enacting clause and before the summary and inserting in its place the following:

'PART A

Sec. A-1. 36 MRSA §1752, sub-§§1-F and 1-G are enacted to read:

1-F. Clean fuel. "Clean fuel" means all products or energy sources used to propel motor vehicles, as defined in Title 29-A, section 101, other than conventional gasoline, diesel or reformulated gasoline, that, when compared to conventional gasoline, diesel or reformulated gasoline, results in lower emissions of oxides of nitrogen, volatile organic compounds,

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2 carbon monoxide or particulates or any combination of these.
3 "Clean fuel" includes, but is not limited to, compressed natural
4 gas; liquefied natural gas; liquefied petroleum gas; hydrogen;
5 hythane, which is a combination of compressed natural gas and
6 hydrogen; dynamic flywheels; solar energy; alcohol fuels
7 containing not less than 85% alcohol by volume; and electricity.

8 1-G. Clean fuel vehicle. "Clean fuel vehicle" means a
9 vehicle that may be propelled by a clean fuel or a fuel-cell
10 electric vehicle that uses any fuel.

12 **Sec. A-2. 36 MRSA §1760, sub-§79 is enacted to read:**

14 79. Partial exemption for clean fuel vehicles. A portion
15 of the sale or lease price of a clean fuel vehicle as follows:

16 A. That portion of the sale or lease price of a clean fuel
17 vehicle sold by an original equipment manufacturer that
18 exceeds the price of an identical vehicle powered by
19 gasoline; or

20 B. When there is no identical vehicle powered by gasoline:

21 (1) Thirty percent of the sale or lease price of an
22 internal combustion engine clean fuel vehicle; or

23 (2) Fifty percent of the sale or lease price of a
24 clean fuel vehicle either fully or partly powered by
25 electricity stored in batteries, generated by a dynamic
26 flywheel or generated by a fuel cell on board the
27 vehicle.

28 This subsection is repealed January 1, 2006.

29 **Sec. A-3. 36 MRSA §5219-O is enacted to read:**

30 **§5219-O. Clean fuel vehicle economic and infrastructure**
31 **development**

32 1. Definition. As used in this section, unless the context
33 otherwise indicates, the term "clean fuel" means any product or
34 energy source used to propel motor vehicles, as defined in Title
35 29-A, section 101, other than conventional gasoline, diesel or
36 reformulated gasoline that, when compared to conventional
37 gasoline, diesel or reformulated gasoline, results in lower
38 emissions of oxides of nitrogen, volatile organic compounds,
39 carbon monoxide or particulates or any combination of these.
40 "Clean fuel" includes, but is not limited to, compressed natural
41 gas; liquefied natural gas; liquefied petroleum gas; hydrogen;
42 hythane, which is a combination of compressed natural gas and
43 electricity.

2 hydrogen; dynamic flywheels; solar energy; alcohol fuels
containing not less than 85% alcohol by volume; and electricity.

4 2. Credit allowed. A taxpayer is allowed a credit against
the tax imposed by this Part in an amount equal to the qualifying
6 percentage of expenditures paid or incurred by the taxpayer for
the construction or installation of or improvements to any
8 filling or charging station for the purposes of providing clean
fuels to the general public for use in motor vehicles, as
10 calculated pursuant to subsection 4.

12 3. Limitation; carry-over. The credit allowed under
subsection 2 may not reduce the tax otherwise due under this Part
14 below zero and the credit may not exceed the tax liability for
income that is earned by the taxpayer from the sale of clean
16 fuels sold for use in motor vehicles. Any unused portion of the
credit may be carried over to the following year or years until
18 exhausted.

20 4. Qualifying percentage. For purposes of calculating the
credit, the qualifying percentage is:

22 A. Fifty percent for expenditures made from January 1, 1999
24 to December 31, 2001; and

26 B. Twenty-five percent for expenditures made from January
28 1, 2002 to December 31, 2005.

30 This section is effective for tax years beginning on or
after January 1, 1999 and is repealed for tax years ending on or
32 after January 1, 2006.

34 **Sec. A-4. Appropriation.** The following funds are appropriated
from the General Fund to carry out the purposes of this Part.

36 1998-99

38 ENVIRONMENTAL PROTECTION,
DEPARTMENT OF

40 Air Quality

42 All Other (\$1,500)

44 Provides for the deappropriation of funds to
46 offset a General Fund revenue loss from the
48 sales tax exemption on the differential cost
of clean fuel vehicles.

A.S.

PART B

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Sec. B-1. Alternative fuels study. The Commissioner of Environmental Protection shall evaluate the effectiveness of low emission vehicle incentives and shall develop recommendations regarding alternative fuels to reformulated gasoline with methyl tertiary butyl ether that would meet the requirements of the federal Clean Air Act, Section 182, 42 United States Code, Section 7511a(b)(1). In developing these recommendations, the commissioner shall consult with members of the joint standing committee of the Legislature having jurisdiction over natural resource matters, members of the public, the Bureau of Health within the Department of Human Services, the United States Environmental Protection Agency, representatives of the oil industry and other interested parties. The commissioner shall hold at least one public hearing prior to developing the interim report required under section 2.

Sec. B-2. Recommendations; report. The Commissioner of Environmental Protection shall submit a report, including the findings from the evaluation and recommendations regarding alternative fuels, to the joint standing committee of the Legislature having jurisdiction over natural resource matters by January 15, 2000. The commissioner shall submit an interim progress report to the joint standing committee of the Legislature having jurisdiction over natural resource matters by January 15, 1999.' '

Further amend the amendment by striking out all of the fiscal note and inserting in its place the following:

FISCAL NOTE

1998-99

APPROPRIATIONS/ALLOCATIONS

General Fund (\$1,500)

REVENUES

General Fund (\$1,500)
Other Funds (81)

This bill includes two new tax exemptions related to clean fuel vehicles resulting in combined General Fund revenue reductions of \$1,500 in fiscal year 1998-99, \$6,554 in fiscal

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year 1999-2000 and \$8,633 in fiscal year 2000-01. The corresponding decreases in dedicated revenue to the Local Government Fund for state-municipal revenue sharing will be \$81, \$352 and \$464, respectively.

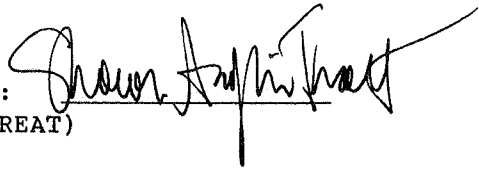
This bill also adds a General Fund deappropriation of \$1,500 in fiscal year 1998-99 from the Air Quality program within the Department of Environmental Protection to offset the General Fund revenue reduction in fiscal year 1998-99.

The Bureau of Revenue Services will incur some minor additional costs to administer these new tax exemptions. These costs can be absorbed within the bureau's existing budgeted resources.

The Department of Environmental Protection will incur some additional costs to conduct a public hearing and to conduct the required comparative risk study. These costs are estimated to be \$7,250, including \$5,000 to reimburse the Bureau of Health within the Department of Human Services. No funding is included for this purpose, requiring the Department of Environmental Protection to accomplish these responsibilities within existing resources. The estimated future costs in fiscal year 1999-2000 will be approximately \$2,250 for the costs of a public hearing.'

SUMMARY

This amendment, which is the report of the Committee of Conference, incorporates the changes made by Senate Amendment "B" to Committee Amendment "A" except that it changes the title of the bill, directs the Commissioner of Environmental Protection to evaluate the effectiveness of low emission vehicle incentives and develop recommendations regarding alternative fuels to reformulated gasoline with methyl tertiary butyl ether and strikes the General Fund appropriation of \$7,250 in fiscal year 1998-99 for the Department of Environmental Protection.

SPONSORED BY: 
(Senator TREAT)

COUNTY: Kennebec