

# MAINE STATE LEGISLATURE

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L.D. 660

DATE: April 7, 1998

(Filing No. S- 770 )

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STATE OF MAINE  
SENATE  
118TH LEGISLATURE  
SECOND SPECIAL SESSION

SENATE 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 Relating to Alternative Fuels'**

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

8 1-G. Clean fuel vehicle. "Clean fuel vehicle" means a  
10 vehicle that may be propelled by a clean fuel or a fuel-cell  
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  
16 of the sale or lease price of a clean fuel vehicle as follows:

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

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

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

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

34 This subsection is repealed January 1, 2006.

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

38 **§5219-O. Clean fuel vehicle economic and infrastructure**  
**development**

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

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

4 1. Definition. As used in this section, unless the context  
5 otherwise indicates, the term "clean fuel" means any product or  
6 energy source used to propel motor vehicles, as defined in Title  
7 29-A, section 101, other than gasoline or diesel fuel that, when  
8 compared to gasoline or diesel fuel, results in lower emissions  
9 of oxides of nitrogen, volatile organic compounds, carbon  
10 monoxide or particulates or any combination of these. "Clean  
11 fuel" includes, but is not limited to, compressed natural gas;  
12 liquefied natural gas; liquefied petroleum gas; hydrogen;  
13 hythane; dynamic flywheels; solar energy; alcohol fuels  
14 containing not less than 85% alcohol by volume; and electricity.

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

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

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

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

36 B. Twenty-five percent for expenditures made from January  
37 1, 2002 to December 31, 2005.

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

41 Sec. A-4. Appropriation. The following funds are appropriated  
42 from the General Fund to carry out the purposes of this Part.  
43

1998-99

2

3 **ENVIRONMENTAL PROTECTION,**  
4 **DEPARTMENT OF**

6

**Air Quality**

8

All Other

(\$1,500)

10

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

14

**PART B**

16

**Sec. B-1. Alternative fuels study.** The Commissioner of  
17 Environmental Protection shall evaluate and develop  
18 recommendations regarding alternative fuels that would meet the  
19 requirements of the federal Clean Air Act, Section 182, 42 United  
20 States Code, Section 7511a(b)(1). In developing these  
21 recommendations, the commissioner shall consult with members of  
22 the joint standing committee of the Legislature having  
23 jurisdiction over natural resource matters, members of the  
24 public, the Bureau of Health within the Department of Human  
25 Services, the United States Environmental Protection Agency,  
26 representatives of the oil industry and other interested  
27 parties. The commissioner shall hold at least one public hearing  
28 prior to developing the interim report required under section 2.

30

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

40

**Sec. B-3. Appropriation.** The following funds are appropriated  
41 from the General Fund to carry out the purposes of this Part.

44

1998-99

46

**ENVIRONMENTAL PROTECTION, DEPARTMENT OF**

48

**Air Quality**

50

All Other

\$7,250

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2           Appropriates funds for the  
4           costs of holding a public  
6           hearing and for the costs of  
8           comparative risk study which  
            will be contracted through  
            the Bureau of Health, within  
            the Department of Human  
            Services.' '

10

12

**FISCAL NOTE**

14

**1998-99**

16

**APPROPRIATIONS/ALLOCATIONS**

18

General Fund

(\$1,500)

20

**REVENUES**

22

General Fund

(\$1,500)

24

Other Funds

(81)

26

28           This amendment includes two new tax exemptions related to  
clean fuel vehicles resulting in combined General Fund revenue  
30           reductions of \$1,500 in fiscal year 1998-99, \$6,554 in fiscal  
year 1999-2000 and \$8,633 in fiscal year 2000-01. The  
32           corresponding decreases in dedicated revenue to the Local  
Government Fund for state-municipal revenue sharing will be \$81,  
\$352 and \$464, respectively.

34

36           This amendment 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.

38

40

42           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.

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### SUMMARY

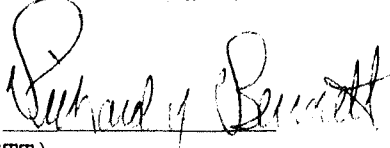
4

This amendment provides a sales tax exemption for a portion  
of the sales or lease price of a clean fuel vehicle and an income  
tax credit for a portion of expenditures to modify filling  
stations to provide clean fuel.

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SPONSORED BY:   
(Senator BENNETT)

12

14

COUNTY: Oxford

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