

MAINE STATE LEGISLATURE

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M. G. G.

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L.D. 1586

DATE: 6/1/5

(Filing No. H-615)

UTILITIES AND ENERGY

Majority

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STATE OF MAINE
HOUSE OF REPRESENTATIVES
122ND LEGISLATURE
FIRST SPECIAL SESSION

COMMITTEE AMENDMENT "A" to H.P. 1122, L.D. 1586, Bill, "An Act To Encourage the Use of Solar Energy"

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

Sec. 1. 35-A MRSA §3211-A, sub-§4, ¶B, as enacted by PL 2001, c. 624, §4, is amended to read:

B. Do not exceed ~~.15~~ .145 cent per kilowatt-hour;

Sec. 2. 35-A MRSA §3211-B is enacted to read:

§3211-B. Solar energy rebate program; fund

1. Definitions. As used in this section, unless the context otherwise indicates, the following terms have the following meanings.

A. "Qualified solar energy system" means a solar photovoltaic system or a solar thermal system.

B. "Solar photovoltaic system" means a solar energy device with a peak generating capacity of 100 kilowatts or less used for generating electricity for use in a residence or place of business.

C. "Solar thermal system" means a configuration of solar collectors and a pump, heat exchanger and storage tank or fans designed to heat water or air. Solar thermal system types include forced circulation, integral collector storage, thermosyphon and self-pumping systems.

COMMITTEE AMENDMENT

2 2. Solar energy rebate program. To the extent that funds
3 are available in the fund established in subsection 3, an owner
4 or tenant of residential or commercial property located in the
5 State is entitled to a rebate for a qualified solar energy system
6 that is installed in accordance with this subsection after July
7 1, 2005 that will be connected to the electrical grid.

8
9 A. A solar photovoltaic system qualifies for a rebate of \$3
10 per watt on the first 2,000 watts of installed capacity and
11 \$1 per watt for the next 1,000 watts if:

12 (1) For a system installed after July 1, 2005 but
13 before January 1, 2007, the system is installed by a
14 master electrician who has completed a training course
15 to prepare for certification by a North American board
16 of certified energy practitioners or by a master
17 electrician working in conjunction with either a person
18 who has been certified by a North American board of
19 certified energy practitioners or a person who has
20 completed a training course to prepare for
21 certification by a North American board of certified
22 energy practitioners; or

23 (2) For a system installed on or after January 1, 2007,
24 the system is installed by a master electrician who has
25 been certified by a North American board of certified
26 energy practitioners or by a master electrician working
27 in conjunction with a person who has been certified by
28 a North American board of certified energy
29 practitioners.

30 B. A solar thermal system designed to heat water qualifies
31 for a rebate of 25% of the cost of the system, including
32 installation, or \$500, whichever is less, if the system is
33 installed by a licensed plumber who has been certified by
34 the commission to install such systems or by a licensed
35 plumber working in conjunction with a person who has been
36 certified by the commission to install such systems.

37 C. A solar thermal system designed to heat air qualifies
38 for a rebate of 25% of the cost of the system, including
39 installation, or \$500, whichever is less.

40
41 In the case of a newly constructed residence, the rebate must be
42 available to the original owner or occupant.

43 3. Funding level; fund. The commission shall assess
44 transmission and distribution utilities to collect funds for the
45 solar energy rebate program in accordance with this subsection.
46 The amount of all assessments by the commission under this

2 subsection must result in total program expenditures by each
3 transmission and distribution utility that do not exceed 0.005
4 cent per kilowatt-hour. To the extent practicable, the
5 commission shall establish and collect the assessment in a manner
6 that is consistent with the assessment made under section
7 3211-A. The commission shall establish a solar energy rebate
8 program fund to be used solely for the purposes of this section.
9 All assessments made under this subsection are deposited in the
10 fund. Any interest on funds in the fund must be credited to the
11 fund. Funds not spent in any fiscal year remain in the fund to
12 be used for the purposes of this section.

13
14 4. Rules. The commission shall adopt rules necessary to
15 implement the provisions of this section, including procedures
16 and standards for demonstrating qualification for a rebate under
17 this section. Rules adopted under this subsection are routine
18 technical rules as defined in Title 5, chapter 375, subchapter
19 2-A.

20 5. Report. The commission shall report by December 1st of
21 each year to the joint standing committee of the Legislature
22 having jurisdiction over utilities and energy matters a
23 description of actions taken by the commission pursuant to this
24 section during the prior 12 months.

25
26 **Sec. 3. 36 MRSA §2016 is enacted to read:**

27 **§2016. Solar energy equipment; reimbursement of sales tax**

28
29 1. Reimbursement allowed. A reimbursement is allowed as
30 provided in this section for tax paid pursuant to this Part with
31 respect to the purchase of a qualified solar energy system that
32 has been installed in this State. The reimbursement is allowed
33 for purchases of qualified solar systems that occur on or after
34 July 1, 2005. As used in this section, the term "qualified solar
35 energy system" has the same meaning as in Title 35-A, section
36 3211-B, subsection 1, paragraph A.

37
38 2. Claim for reimbursement. A claim for reimbursement under
39 this section must be filed by the purchaser with the assessor
40 within 3 years from the date on which the qualified solar energy
41 system was purchased. The reimbursement claim must be submitted
42 on a form prescribed by the assessor. The reimbursement claim
43 must be accompanied by an affidavit from the seller of the
44 qualified solar energy system certifying that the system for
45 which the tax was paid is a qualified solar energy system or a
46 portion of such a system, as well as any such additional
47 information as the assessor may require. All records pertaining
48 to the claim must be maintained by the assessor.

2 to such certification and to the sale transaction must be
retained by the purchaser for at least 6 years.

4 3. Audit. The assessor has the authority to audit any claim
6 filed under this section. If the assessor determines that the
8 amount of the claimed reimbursement is incorrect, the assessor
10 shall redetermine the claim and notify the claimant in writing of
12 the redetermination. If the claimant has received reimbursement
14 of an amount that the assessor concludes should not have been
reimbursed, the assessor may issue an assessment for that amount
within 3 years from the date the reimbursement claim was filed or
at any time if a fraudulent reimbursement claim was filed. The
claimant may seek reconsideration, pursuant to section 151, of
the redetermination or assessment.

16 4. Payment of claims. The assessor shall determine the
18 benefit for each claimant under this section and certify the
20 amount to the State Controller to be transferred to a solar
22 energy reimbursement reserve account established, maintained and
24 administered by the State Controller from General Fund
26 undicated revenue within the sales tax category. The assessor
shall certify the amount to the State Controller for each
approved applicant that qualifies for reimbursement under this
section within 90 days after receipt of a properly completed
claim. Interest is not allowed on any payment made to a claimant
pursuant to this section.

28 **Sec. 4. 36 MRSA §5219-Y is enacted to read:**

30 **§5219-Y. Income tax credit for solar thermal system**

32 1. Credit amount. A person who purchases and installs a
34 qualified solar thermal system in this State is allowed a credit
36 against the taxes imposed by this Part equal to 25% of the cost
38 of the system, including installation costs, or \$500, whichever
40 is less. The credit is allowed in the taxable year in which the
42 qualified solar thermal system is first placed in service. The
44 credit is allowed in tax years beginning on or after January 1,
46 2005. For purposes of this section, "qualified solar thermal
system" has the same meaning as provided by Title 35-A, section
3211-B, subsection 1, paragraph C. The person claiming the
credit shall provide an affidavit from the seller of the system
that the system is eligible for the credit allowed by this
section in a manner required by the assessor at the time the
return claiming the credit is filed.

48 2. Limitation; carry-over. If the credit allowed by this
50 section exceeds the taxpayer's total tax due, the amount of the
credit not used may be carried over as a credit against the
taxpayer's tax liability for any of the next succeeding 3 taxable

years. The credit allowed, including carry-overs, may not reduce the tax otherwise due under this Part to less than zero.

Sec. 5. Standards. The Public Utilities Commission in establishing procedures and standards for demonstrating qualification for a rebate under the Maine Revised Statutes, Title 35-A, section 3211-B shall allow a person to demonstrate the date a system was installed by the date of a net metering arrangement with a transmission and distribution utility or a dated bill of sale for the system.

Sec. 6. Appropriations and allocations. The following appropriations and allocations are made.

**ADMINISTRATIVE AND FINANCIAL SERVICES,
DEPARTMENT OF**

Maine Revenue Services 0002

Initiative: Provides funds for the computer programming costs associated with the income tax credit for the installation of a solar thermal system.

| | | |
|---------------------------|----------------|----------------|
| GENERAL FUND | 2005-06 | 2006-07 |
| All Other | \$30,000 | \$0 |
| GENERAL FUND TOTAL | <hr/> | <hr/> |
| | \$30,000 | \$0 |

**ADMINISTRATIVE AND FINANCIAL SERVICES,
DEPARTMENT OF
DEPARTMENT TOTALS**

| | | |
|-------------------------------------|-----------------|----------------|
| | 2005-06 | 2006-07 |
| GENERAL FUND | \$30,000 | \$0 |
| DEPARTMENT TOTAL - ALL FUNDS | <hr/> | <hr/> |
| | \$30,000 | \$0 |

PUBLIC UTILITIES COMMISSION

Solar Energy Rebate Program Fund (new)

Initiative: Allocates funds for the Solar Energy Rebate Program Fund Other Special Revenue Funds account.

| | | |
|--|----------------|----------------|
| OTHER SPECIAL REVENUE FUNDS | 2005-06 | 2006-07 |
| All Other | \$500,000 | \$500,000 |
| OTHER SPECIAL REVENUE FUNDS TOTAL | <hr/> | <hr/> |
| | \$500,000 | \$500,000 |

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Conservation Program Fund 0967

Initiative: Provides an offsetting deallocation to the Public Utilities Commission's conservation program fund.

| OTHER SPECIAL REVENUE FUNDS | 2005-06 | 2006-07 |
|--|-----------------|----------------|
| All Other | (\$500,000) | (\$500,000) |
| OTHER SPECIAL REVENUE FUNDS TOTAL | (\$500,000) | (\$500,000) |
| PUBLIC UTILITIES COMMISSION | | |
| DEPARTMENT TOTALS | 2005-06 | 2006-07 |
| OTHER SPECIAL REVENUE FUNDS | \$0 | \$0 |
| DEPARTMENT TOTAL - ALL FUNDS | \$0 | \$0 |
| SECTION TOTALS | | |
| GENERAL FUND | \$30,000 | \$0 |
| OTHER SPECIAL REVENUE FUNDS | \$0 | \$0 |
| SECTION TOTAL - ALL FUNDS | \$30,000 | \$0' |

SUMMARY

This amendment, which is the majority report of the Joint Standing Committee on Utilities and Energy, replaces the bill. This amendment preserves the basic provisions of the bill but makes the following changes.

1. Rather than taking funds from the conservation program fund for the solar energy rebate program, the amendment establishes a new fund that is funded in the same manner as the conservation program fund. The assessment for the new fund is capped at 0.005 cents per kilowatt hour. The cap on the assessment for the conservation program fund is reduced by the same amount so that there is no net increase in total assessment as a result of the combined assessments.

2. It provides that solar installations made after July 1, 2005 qualify for the rebate program.

3. It modifies the installation requirements for the rebate program.

2 A. Between July 1, 2005 and January 1, 2007, a solar
3 photovoltaic system may be installed by a master electrician
4 who has completed a training course to prepare for
5 certification by a North American board of certified energy
6 practitioners or by a master electrician working in
7 conjunction either with a person who has been certified by a
8 North American board of certified energy practitioners or a
9 person who has completed a training course to prepare for
10 certification by a North American board of certified energy
11 practitioners. On or after January 1, 2007, the system may
12 be installed by a master electrician who has been certified
13 by a North American board of certified energy practitioners
14 or by a master electrician working in conjunction with a
15 person who has been certified by a North American board of
16 certified energy practitioners.

17 B. A solar thermal system designed to heat water may be
18 installed by a licensed plumber who has been certified by
19 the commission to install such systems or by a licensed
20 plumber working in conjunction with a person who has been
21 certified by the commission to install such systems.

22 4. It provides for the Public Utilities Commission to
23 establish standards and procedures for demonstrating
24 qualification for the rebate program and provides that the
25 commission shall allow a person to demonstrate the date a system
26 was installed by the date of a net metering arrangement with a
27 transmission and distribution utility or a dated bill of sale for
28 the system.

29 5. It modifies the sales tax exemption for installations of
30 qualified solar energy equipment to provide for a tax
31 reimbursement rather than an exemption, to allow systems
32 installed on or after July 1, 2005 to qualify and to provide for
33 administrative procedures to implement the reimbursement program.

34 6. It modifies the income tax credit to provide for
35 administrative procedures to implement the credit and to clarify
36 that the credit is allowed in tax years beginning on or after
37 January 1, 2005.

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44 **FISCAL NOTE REQUIRED**
(See attached)



122nd MAINE LEGISLATURE

LD 1586

LR 2277(02)

An Act To Encourage the Use of Solar Energy

Fiscal Note for Bill as Amended by Committee Amendment "A"

Committee: Utilities and Energy

Fiscal Note Required: Yes

Fiscal Note

| | 2005-06 | 2006-07 | Projections 2007-08 | Projections 2008-09 |
|-----------------------------------|-------------|-------------|------------------------|------------------------|
| Net Cost (Savings) | | | | |
| General Fund | \$208,412 | \$194,735 | \$233,436 | \$280,123 |
| Appropriations/Allocations | | | | |
| General Fund | \$30,000 | \$0 | \$0 | \$ |
| Other Special Revenue Funds | \$0 | \$0 | \$0 | \$0 |
| Revenue | | | | |
| General Fund | (\$178,412) | (\$194,735) | (\$233,436) | (\$280,123) |
| Other Special Revenue Funds | (\$9,588) | (\$10,465) | (\$12,804) | (\$15,365) |

Fiscal Detail and Notes

The income tax credit and sales tax reimbursement contained in this bill are expected to reduce General Fund revenue by \$178,412 in fiscal year 2005-06 and \$194,735 in fiscal year 2006-07. Other Special Revenue for Municipal Revenue Sharing will be reduced by small amounts. This bill also includes a General Fund appropriation of \$30,000 for Maine Revenue Services for the related computer programming costs.

This legislation allocates \$500,000 annually for the newly established Solar Rebate Program Fund. The source of funds is a .005 cent per kilowatt hour assessment on certain transmission and distribution utilities. The .15 cent cap on the assessment for the existing Conservation Program Fund is reduced to .145 so there is no net increase in total assessment for the combined programs. The bill includes an offsetting deallocation to the Conservation Program Fund of \$500,000 in fiscal year 2005-06 and 2006-07.

The additional costs associated with administering solar energy programs can be absorbed by the Public Utilities Commission utilizing existing budgeted resources.