

MAINE STATE LEGISLATURE

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ONE HUNDRED AND EIGHTH LEGISLATURE

Legislative Document

No. 921

S. P. 295

In Senate, March 16, 1977

On motion of Senator Huber of Cumberland, reconsidered referral to Committee on Taxation. Subsequently referred to Committee on Energy. Sent down for concurrence and ordered printed.

MAY M. ROSS, Secretary

Presented by Senator Huber of Cumberland.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SEVENTY-SEVEN

AN ACT to Increase the Use of Wood Fuel as a Supplement to Conventional Energy Sources in Residential Space Heating.

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

36 MRSA § 5129, is enacted to read:

§ 5129. Credit for additional chimney flues in new residential construction

1. Tax credit and qualification. A tax credit of \$50 may be deducted from total state income taxes owed for each masonry chimney flue in excess of the flue required for a conventional furnace constructed in new residential housing. To qualify for the deduction, the owner shall certify that the new residence is designed and constructed for occupancy during all seasons of the year.

2. Certificate required. The owner shall present to the Bureau of Taxation, a certificate, signed by a building inspector, fire department official, or other local official of the municipality in which the residence is situated certifying that the additional masonry chimney flue or flues meet local or underwriters specifications and that the flues are suitable for connection to a wood stove.

3. Limitation on credit. The credit provided under this section, shall be a one-time credit for each additional flue constructed.

STATEMENT OF FACT

This bill will stimulate the inclusion of chimney flues suitable for wood stoves in new residential construction, but it is extremely expensive or impractical to build flues after construction is completed.

This bill will also promote the use of native renewable wood resources which, in turn, will stimulate the State's economy and decrease its dependence on energy sources outside Maine. As people use more native wood fuel, less money is spent outside the State for energy. The benefits to the State economy from the increased use of native wood fuel will exceed the cost of providing the tax credit in this bill.

According to the publication, *Indication of Housing in Maine, 1976*, published by the Cooperative Extension Service of the University of Maine, roughly 4,800 dwellings were constructed in 1976.

The Home Builders Association of Maine points out that more than 25% of new dwellings are heated with electric heat and lack a masonry chimney. It is unlikely that the \$50 tax credit in this bill would prompt owners of such homes into the major investment of a masonry chimney.

If one-half of the less than 3,600 dwellings not heated by electricity qualified for this tax credit the annual loss of revenue could be \$90,000. However, the State's economy would be stimulated by approximately twice that amount in construction costs for additional flues. In addition subsequent wood use would further stimulate the local economy on a continuing basis.