

MAINE STATE LEGISLATURE

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STATE OF MAINE
HOUSE OF REPRESENTATIVES (Filing No. H-682)
109TH LEGISLATURE
FIRST REGULAR SESSION

HOUSE AMENDMENT "A" to H.P. 867, L.D. 1072, Bill,
"AN ACT to Encourage the Development of Small Scale Hydroelectric
Facilities."

Amend the Bill by striking out all of the title and
inserting in its place the following:

'AN ACT to Provide an Investment Tax Credit for Investment
in Qualifying Energy Property.'

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

'36 MRSA §5216 is enacted to read:

§5216. Tax credit for investment in qualifying energy property

A taxpayer shall be allowed a one-time credit for every
qualified investment to be applied against the taxpayers
tax liability to the State for the taxable year in which the
taxpayer makes a qualified investment.

1. Qualified investment. A qualified investment for
the purposes of this section means an investment in
qualifying energy property.

A. For the purposes of this section, qualifying
energy property means new energy property as defined
in the United States Internal Revenue Code, section
48 (1), which is located in this State but
shall exclude energy property owned in whole or in part
by a public utility, a subsidiary of a public
utility or an affiliate of a public utility as defined

in Title 35.

2. Limitation on credit. The credit allowed under this section shall be 20% of the taxpayer's qualified investment.

3. Carry forward of the credit. If the amount of the credit determined in subsection 2 exceeds the taxpayer's total income tax obligation to the State, the excess shall be a credit carry over to each succeeding year following the first unused credit year until the taxpayer realizes the full amount of the credit provided in subsection 2.

4. Recapture for certain dispositions. If the taxpayer disposes of his qualified investment within 6 years after the date on which the taxpayer acquired his qualified investment in a transaction that gives rise to gain or loss for federal income tax purposes, then the tax liability of the taxpayer to the State for the taxable year in which the disposition occurs shall be increased by an amount equal to the amount allowed as a credit in the year of disposition and all prior years.'

Fiscal Note

It is impossible to determine the cost to the State incurred by passage of this amendment.

Statement of Fact

The purpose of this amendment is to encourage the development of alternative sources of energy and energy facilities. In order to accomplish this purpose, the amendment proposes to provide a one-time investment tax credit to any taxpayer who invests in alternative energy property. The definition of energy property is the same as the federal

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definition and the investment credit is the same as the federal tax credit.

The tax credit provided is 20% of the taxpayer's tax liability to the State of Maine for the year in which the investment is made. If the investor's tax credit cannot be used in its entirety during the year of the investment, the credit balance may be extended to succeeding years until it is completely used.

Since alternative energy systems are very capital intensive, the most effective form of encouragement is the investment tax credit.

Filed by Mrs. Huber of Falmouth
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