

MAINE STATE LEGISLATURE

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(Governor's Bill)
SECOND REGULAR SESSION

ONE HUNDRED AND NINTH LEGISLATURE

Legislative Document

No. 1900

H. P. 1770

House of Representatives, January 25, 1980

Referred to the Committee on Taxation. Sent up for concurrence and ordered printed.

EDWIN H. PERT, Clerk of the House

Presented by Mr. D. Dutremble of Biddeford.

Cosponsors: Mr. Brenerman of Portland, Mr. Wood of Sanford and
Mr. Kane of South Portland.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED AND EIGHTY

AN ACT to Provide a State Income Tax Credit for Installation of Renewable Energy Systems.

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

Sec. 1. 36 MRSA § 5127, sub-§ 3, as enacted by PL 1979, c. 557, § 1, is repealed.

Sec. 2. 36 MRSA § 5127, sub-§ 4 is enacted to read:

4. Renewable energy systems. A resident individual who purchases and installs in his principal residence located in this State, or who purchases a new home in this State for use as his principal residence which incorporates, a solar energy system, wind energy system or wood furnace shall be allowed a credit against the tax otherwise due under this Part equal to 20% of the purchase price of the system or furnace, including sales tax and installation, or \$500, whichever is less. The credit is earned in the year in which installation is completed or the new home is first occupied. The amount of credit that may be used by a taxpayer for any taxable year shall not exceed \$250 or the amount of tax otherwise due, whichever is less. Any unused credit may be carried over to the following year or years for a period not to exceed 7 years, including the year the credit was earned and may be deducted from the taxpayer's tax for such year or years.

A. "Solar energy system" means equipment which uses solar energy to heat, cool or produce electricity and includes active and passive solar systems.

(1) "Active solar system" means an assembly of collectors, thermal storage device or devices and transfer liquid which converts solar energy into thermal energy and in which energy in addition to solar is used to accomplish the transfer of thermal energy.

(2) "Passive solar system" means an assembly of natural and architectural components including collectors, thermal storage device or devices and transfer fluid which converts solar energy into thermal energy in a controlled manner and in which no fans or pumps are used to accomplish the transfer of thermal energy. The prime elements in a passive solar system are usually some form of thermal capacity and solar energy control.

B. A "wind energy system" includes any machine or device which converts available wind energy into electrical or mechanical output form and is comprised of a rotor, power processing component frame and controlled components.

C. "Wood furnace" means a wood burning appliance designed and used as part of a central heating system. The furnace may burn wood solely or in combination with another fuel. "Central heating system" means a system using central furnaces in conjunction with a series of pipes, ducts or similar conduits to distribute heat throughout a single building or group of buildings. A wood furnace does not include a fireplace or a wood stove. "Fireplace" includes a hearth, fire chamber or similarly prepared place with a chimney intended to be usable in an open configuration regardless of whether it can also be operated closed. "Wood stove" means a wood burning appliance designed for space heating purposes.

The State Tax Assessor shall seek a determination from the Office of Energy Resources as to the qualification for credit of any purported solar energy system, wind energy system or wood furnace which does not clearly qualify for this credit, and the determination of that office shall be final.

Sec. 3. Retroactivity. This Act is retroactive to January 1, 1980.

STATEMENT OF FACT

The purpose of this bill is to increase the allowable personal income tax credit for purchase of qualifying renewable energy systems from \$100 to \$500. This will assist in the utilization of these renewable energy systems by Maine residents by providing a significant financial incentive. In addition, this legislation would require that of the maximum \$500 credit allowable, no more than a \$250 credit can be claimed for any taxable year. Any unused credit may be carried over to the following year or years for a period up to 7 years.

The enactment of this bill will result in a loss of approximately \$250,000 in tax revenue in fiscal year 1981.