

MAINE STATE LEGISLATURE

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FIRST REGULAR SESSION

ONE HUNDRED AND TENTH LEGISLATURE

Legislative Document

No. 791

S. P. 283

In Senate, February 11, 1981

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

MAY M. ROSS, Secretary of the Senate

Presented by Senator Dutremble of York.

Cosponsors: Representative Post of Owls Head, Senator Wood of York and Representative Ingraham of Houlton.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED AND EIGHTY-ONE

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Sec. 1. 36 MRSA § 5127, sub-§ 3, as enacted by PL 1979, c. 557, § 1, is repealed.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 or builds and installs in his principal residence located in this State, or who purchases or builds a new home in this State for use as his principal residence which incorporates a solar energy system, wind energy system, wood furnace or self-contained wood-fired hot water heater shall be allowed a credit against the tax otherwise due under this Part equal to 25% of the purchase price or cost of materials of the system, furnace or hot water heater, including sales tax and installation, or \$100, whichever is less. The credit is earned in the year in which installation is completed or the new home is first occupied. Any unused credit may be carried over to the following year or years for a period not to exceed 2 years, including the year the credit was earned and may be deducted from the taxpayer's tax for such year or years. No more than one taxpayer may claim the credit for any installation. In no case may this credit reduce the state income tax to less than zero.

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 capacitance 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 components, electrical storage components, 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 attached to the furnace and used to distribute heat throughout a single building or group of buildings. A wood furnace does not include the pipes, ducts or similar conduits used to distribute the heat, but does include any thermal storage unit which is an essential component of the wood furnace. A wood furnace does not include a fireplace or a wood stove, unless the wood stove is purchased and used solely as an integral part of a central heating system. "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 prorated solar energy system, wind energy system, self-contained wood-fired hot water heater or wood furnace which does not clearly qualify for this credit, and the determination of that office shall be final.

This subsection is effective for tax years beginning on or after January 1, 1981 and is repealed for the tax years beginning on January 1, 1986.

STATEMENT OF FACT

This bill amends the tax credit for renewable energy systems by including renewable energy systems which are built by the person claiming the credit and

adds a credit for self-contained wood-fired hot water heaters. It includes batteries as a part of a wind energy system and excludes heating pipes and ducts from the definition of wood furnace. It also clarifies the definition of wood stove.

This bill expands the credit from 20% to 25% of the purchase price or cost of materials up to a maximum credit of \$100. Any unused credit may be carried over to the following year or years for a period not to exceed 2 years.

This legislation will result in an estimated loss of revenue to the General Fund of \$202,750 in fiscal years 1981-82.