

MAINE STATE LEGISLATURE

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FIRST REGULAR SESSION

ONE HUNDRED AND TENTH LEGISLATURE

Legislative Document

No. 1233

H. P. 1023

House of Representatives, March 10, 1981

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

EDWIN H. PERT, Clerk

Presented by Representative Locke of Sebec.

Cosponsor: Representative Davies of Orono.

STATE OF MAINE

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

AN ACT to Provide a Tax Credit for Certain Hydroelectric Plants.

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

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

4. **Credit for maintenance of certain small hydroelectric facilities. A taxpayer who is the owner of a small privately owned hydroelectric power facility of less than 50 megawatts capacity shall be allowed a credit against the tax otherwise due under this Part in the amount of all expenditures for spare parts for, and maintenance of, the facility.**

STATEMENT OF FACT

Hydroelectric power is vital to a healthy State of Maine. Older hydroelectric plants can be privately restored for a fraction of the cost of building new stations. The power produced in small, privately owned stations contributes to keeping the cost of power low for all Maine citizens. Privately owned stations do not have ready access to funding. Every effort should be made to encourage the continued operation of small plants in the public interest. Maintenance cost of old equipment is higher than that of new equipment. Small plants often do not have adequate supplies of spare parts. The first concern of the operator should be careful and continuing attention to the needs of the equipment, but because income fluctuates

widely with water levels, the owner often must bank money in anticipation of unpredictable taxes, and as a result, important care of the plant is neglected.

To encourage prompt and proper maintenance, this bill provides that all moneys spent in the acquisition of spare parts, maintenance of the building and its hydroelectric equipment, will be applicable against the state income tax of the owner-operator as a tax credit.

This tax credit will apply only to small, privately owned plants of less than 50 megawatts capacity.