

MAINE STATE LEGISLATURE

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STATE OF MAINE
HOUSE OF REPRESENTATIVES
114TH LEGISLATURE
SECOND REGULAR SESSION

COMMITTEE AMENDMENT "A" to H.P. 1785, L.D. 2455, Bill, "An Act to Provide an Income Tax Credit for the Use of Recycled Wood Waste as Fuel"

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

'An Act to Provide an Income Tax Credit for the Use of Reclaimed Wood Waste as Fuel'

Further amend the bill by striking out everything after the enacting clause and before the statement of fact and inserting in its place the following:

'Sec. 1. 12 MRSA §8884, sub-§1-A is enacted to read:

1-A. Reclaimed waste wood and cedar waste report. A taxpayer claiming a credit under Title 36, section 5219-F shall submit an annual report to the Director of the Bureau of Forestry, initially by July 1, 1992, and during the month of January thereafter, specifying the source, volume and location of reclaimed wood waste or cedar waste for which a credit has been claimed.

Sec. 2. 36 MRSA §5219-F is enacted to read:

§5219-F. Reclaimed wood waste and cedar waste credit

1. Definitions. As used in this section, unless the context otherwise indicates, the following terms have the following meanings.

A. "Reclaimed wood waste" means any green biomass materials derived from wood waste generated in the State in the

2 ordinary course of production of merchantable lumber or
3 pulpwood chips, not including slash material from logging
4 residue, that have been deposited prior to July 1, 1987, in
5 a wood waste pile or wood waste landfill located in the
6 State, as certified by the Maine Forest Service.

7 B. "Cedar waste" means any green cedar mill waste material,
8 not including slash material from logging residue that has
9 been deposited prior to July 1, 1987, in a wood waste pile
10 or wood waste landfill located in the State, as certified by
11 the Maine Forest Service. The cedar waste must have been
12 generated in the State in the ordinary course of processing
13 cedar logs into merchantable products and does not otherwise
14 have commercial value.

15 C. "Processor" means any person or legal entity that
16 reclaims or processes reclaimed wood waste or cedar waste in
17 order to render it suitable for use as a fuel.

18 D. "Green ton" means a ton of material that is ready to be
19 introduced into a combustion unit.

20 E. "Wood combustion facility" means a combustion facility
21 designed to burn wood or wood fiber material as its primary
22 fuel and burns wood or wood fiber at least 95% of the time.

23 2. Credit allowed. A taxpayer is allowed a credit against
24 the tax imposed by this Part for each taxable year equal to \$5
25 per green ton of reclaimed wood waste or cedar waste purchased by
26 the taxpayer and delivered to the taxpayers' wood combustion
27 facilities for use within the State as a fuel for the generation
28 of electric or thermal energy. In the case of an affiliated
29 group of corporations engaged in a unitary business, the credit
30 must be applied against the total tax liability of all the
31 taxable corporations in the affiliated group.

32 For the purpose of certifying eligibility for the credit, the
33 taxpayer shall file with the Maine Forest Service a statement of
34 the total tonnage of reclaimed waste wood or cedar waste
35 purchased and delivered for use as fuel, evidenced by purchase
36 receipts and delivery weights recorded at the place of
37 consumption; the source of the waste material as registered with
38 the Maine Forest Service in accordance with subsection 4; and any
39 other information the Maine Forest Service may require by rule.
40 The Maine Forest Service shall then issue a certificate of
41 eligibility to the taxpayer indicating the amount of credit to
42 which the taxpayer is entitled. This certificate must be filed
43 with the State Tax Assessor at the time the credit is claimed by
44 the taxpayer.

45 3. Limitation; carry-over; carry-back. The credit allowed
46 by subsection 2 for a taxable year may not exceed 50% of the tax
47 credit allowed for the preceding taxable year.

2 liability otherwise due under this Part for that taxable year or
4 50% of the total tax liability of all taxable corporations that
6 are members of an affiliated group engaged in a unitary business
8 for that taxable year. Any unused credit may be carried over to
10 the following year or years for a period not to exceed 15 years,
12 or may be carried back for a period not to exceed 3 years. A
14 carry-back may not be allowed for any taxable year ending prior
16 to the effective date of this section. The Maine Forest Service
18 may not certify more than \$1,500,000 in eligible credits in any
20 fiscal year.

12 4. Certification of eligibility. To establish eligibility
14 to claim the credit, the taxpayer shall register with the Maine
16 Forest Service each source of reclaimed wood waste or cedar waste
18 identifying location, age, volume and content of the waste
20 material and an estimate of the volume of waste material
22 reclaimed or processed for use as fuel for the current year and,
24 for a wood waste pile, a survey of the pile conducted by a
26 licensed surveyor. The registration statement includes a
28 certification by the taxpayer that the waste material meets the
30 definition of reclaimed wood waste or cedar waste set forth in
32 subsection 1, paragraph A or B, based on this identifying
34 information. The taxpayer seeking to claim the credit shall
36 renew the registration and certification each January thereafter.

26 5. Application date. This section applies to any tax year
28 beginning on or after January 1, 1991

28 6. Report to the Legislature. The Maine Forest Service
30 shall provide a report annually to the Bureau of Taxation
32 identifying the taxpayers eligible to claim a credit and the
34 total amount of credit allowed to be claimed under this section.
36 The Department of Conservation and the Bureau of Taxation shall
38 monitor the administration and impact of the tax credit provided
40 under this section and present their findings to the joint
42 standing committees having jurisdiction over taxation and energy
44 matters no later than December 15, 1992.

38 7. Sunset. This section is repealed December 31, 1993.

FISCAL NOTE

42 The administrative costs of implementing this credit
44 provision can be absorbed within the future resources of the
46 Maine Forest Service and the Bureau of Taxation. The credit may
48 result in a future loss of revenue of up to \$1,500,000 annually,
beginning in fiscal year 1991-92.'

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STATEMENT OF FACT

This amendment replaces the bill. The amendment provides incentives to process, recycle and utilize, as boiler fuel within the State, sawmill residues in landfills and old cedar mill residues produced within the State. Prior to the 1980s, there were insufficient markets to sell or utilize sawmill and pulpwood processing residues. These residues remain piled down in various locations throughout the State and represent a potential environmental hazard. The residues also represent a potential energy resource for the State's biomass power plants that take pressure off existing forest timber resources that may have higher economic value as pulp or lumber products than as fuel. Over the past decade, sufficient biomass power plants have been built to consume most of the currently generated mill waste, and therefore do not qualify for the recycled wood waste tax credit. Previously, mill wastes in landfills were wet and contaminated by soil, stone, tramp metal and other debris and required processing to make mill waters recyclable as fuel. This amendment provides biomass fuel users with an incentive to process and utilize previously unused mill wastes in landfills.

Reported by the Committee on Taxation
Reproduced and distributed under the direction of the Clerk of the House
4/6/90

(Filing No. H-1091)