

MAINE STATE LEGISLATURE

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114th MAINE LEGISLATURE

SECOND REGULAR SESSION - 1990

Legislative Document

No. 2455

H.P. 1785

House of Representatives, March 27, 1990

Approved for introduction by a majority of the Legislative Council pursuant to Joint Rule 27.

Reference to the Committee on Taxation suggested and ordered printed.

Handwritten signature of Edwin H. Pert in cursive.

EDWIN H. PERT, Clerk

Presented by Speaker MARTIN of Eagle Lake.

Cosponsored by President PRAY of Penobscot, Representative LISNIK of Presque Isle and Representative MICHAUD of East Millinocket.

STATE OF MAINE

IN THE YEAR OF OUR LORD
NINETEEN HUNDRED AND NINETY

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

(AFTER DEADLINE)



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

36 MRSA §5219-D is enacted to read:

§5219-D. Recycled 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. "Recycled wood waste" means any green biomass materials generated in the ordinary course of production of merchantable lumber or pulpwood chips that have been deposited for no less than 2 years in a wood waste pile or wood waste landfill located in the State.

B. "Cedar waste" means any green cedar waste material generated in the State in the ordinary course of processing cedar logs into merchantable products.

C. "Processor" means any person or legal entity that reclaims or processes recycled wood waste or cedar waste for use as a fuel.

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

2. Credit allowed. A taxpayer is allowed a credit against the tax imposed by this Part for each taxable year equal to \$5 per green ton of recycled wood waste or cedar waste used within the State as a fuel for the generation of electric or thermal energy. In the case of an affiliated group of corporations engaged in a unitary business, the credit must be applied against the total tax liability of all the taxable corporations in the affiliated group.

3. Carry-over; carry-back. The credit allowed by subsection 1 for a taxable year may not exceed the tax liability otherwise due under this Part for that taxable year, or the total tax liability of all taxable corporations that are members of an affiliated group engaged in a unitary business. Any unused credit may be carried over to the following year or years for a period not to exceed 15 years, or may be carried back for a period not to exceed 3 years. A carry-back may not be allowed to any taxable year ending prior to the effective date of this section.

4. Pass-through of credit to vendor or processor. The taxpayer otherwise entitled to a credit pursuant to subsection 2 may elect, with respect to any or all recycled wood waste or cedar waste used as a fuel within the taxable year, to treat the

2 vendor or processor of that material as the taxpayer entitled to
3 the credit.

4 5. Effective date. This section takes effect on July 1,
5 1991.

6 6. Report. The Department of Conservation and the
7 Department of Finance, Bureau of Taxation shall monitor the
8 administration and impact of the tax credit provided under this
9 section and present their findings to the joint standing
10 committee having jurisdiction over energy matters no later than
11 March 15, 1992.

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16 **STATEMENT OF FACT**

17 The purpose of this bill is to provide incentives to
18 process, recycle and utilize, as boiler fuel within the State,
19 sawmill residues in landfills and existing cedar mill residues
20 produced within the State. Prior to the 1980's, there were
21 insufficient markets to sell or utilize sawmill and pulpwood
22 processing residues. These residues remain piled down in various
23 locations through the State and represent a potential
24 environmental hazard. The residues also represent a potential
25 energy resource for the State's biomass power plants which can
26 take pressure off existing forest timber resources that might
27 have higher economic value as pulp or lumber products than as
28 fuel. Over the past decade, sufficient biomass power plants have
29 been built to consume most of the currently generated mill waste,
30 which would, therefore, not qualify for the recycled wood waste
31 tax credit. The primary exception is currently produced cedar
32 mill wastes, which are still being piled down or put in landfills
33 because they are too wet and too difficult to shred to be useful
34 as fuel without further processing. Previously, mill wastes in
35 landfills were wet and contaminated by soil, stone, tramp metal
36 and other debris and, therefore, required processing to make them
37 recyclable as fuel. This bill provides biomass fuel users with
38 an incentive to process and utilize previously unutilized mill
39 wastes in landfills and currently produced cedar mill wastes as
40 fuel.

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