

# MAINE STATE LEGISLATURE

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NATURAL RESOURCES

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STATE OF MAINE
HOUSE OF REPRESENTATIVES
118TH LEGISLATURE
FIRST SPECIAL SESSION

COMMITTEE AMENDMENT "A" to H.P. 300, L.D. 364, Bill, "An Act to Encourage the Use of Motor Vehicles That Use Alternative Sources of Fuel for the Purpose of Reducing Air Pollution"

Amend the bill by striking out everything after the enacting clause and before the summary and inserting in its place the following:

Sec. 1. 10 MRSA §963-A, sub-§§5-A to 5-C are enacted to read:

5-A. Clean fuel. "Clean fuel" means all products or energy sources used to propel motor vehicles, as defined in Title 29-A, section 101, other than conventional gasoline, diesel or reformulated gasoline, that, when compared to conventional gasoline, diesel or reformulated gasoline, results in lower emissions of oxides of nitrogen, volatile organic compounds, carbon monoxide or particulates or any combination of these. "Clean fuel" includes, but is not limited to, compressed natural gas; liquefied natural gas; liquefied petroleum gas; hydrogen; hythane, which is a combination of compressed natural gas and hydrogen; dynamic flywheels; solar energy; alcohol fuels containing not less than 85% alcohol by volume; and electricity.

5-B. Clean fuel vehicle. "Clean fuel vehicle" means a vehicle that may be propelled by a clean fuel or a fuel-cell electric vehicle that uses any fuel.

5-C. Clean fuel vehicle project. "Clean fuel vehicle project" means the acquisition or lease of clean fuel vehicles, the acquisition of clean fuel vehicle delivery systems and other clean fuel vehicle components, the conversion of vehicle fuel

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systems to the use of clean fuels and the acquisition of capital equipment necessary to establish clean fuel vehicle support and maintenance facilities.

Sec. 2. 10 MRSA §963-A, sub-§10, ¶O, as amended by PL 1995, c. 289, §2, is further amended to read:

O. Any major business expansion project; e\*

Sec. 3. 10 MRSA §963-A, sub-§10, ¶P, as enacted by PL 1995, c. 289, §3, is amended to read:

P. Any workers' compensation residual market mechanism project; and

Sec. 4. 10 MRSA §963-A, sub-§10, ¶Q is enacted to read:

Q. Any clean fuel vehicle project.

Sec. 5. 10 MRSA §1023-K is enacted to read:

§1023-K. Clean Fuel Vehicle Fund

1. Established. The Clean Fuel Vehicle Fund, referred to in this section as the "fund," is established under the jurisdiction of the authority.

2. Sources of money. The following money must be paid into the fund:

A. All money appropriated for inclusion in the fund;

B. Subject to any pledge, contract or other obligation, all interest, dividends or other pecuniary gains from investment of money from the fund;

C. Subject to any pledge, contract or other obligation, any money that the authority receives in repayment of advances from the fund;

D. Any sums designated for deposit into the fund from any source, public or private, including, but not limited to, grants, air pollution penalties and bond issues; and

E. Any other money available to the authority and directed by the authority to be paid into the fund.

3. Application of fund. The fund may be applied to carry out any power of the authority under or in connection with section 1026-O, including, but not limited to, the pledge or

transfer and deposit of money in the fund as security for and the application of the fund to pay principal, interest and other amounts due on insured loans. The fund may be used for direct loans to finance all or part of any clean fuel vehicle project when the authority determines that:

A. The applicant demonstrates a reasonable likelihood that the applicant will be able to repay the loan;

B. The applicant demonstrates a reasonable likelihood that the applicant will not be able to obtain the funds necessary to undertake all or any part of the project from any other source, including a loan insured under section 1026-O;

C. The project is technologically feasible; and

D. The project will contribute to a reduction of or more efficient use of fossil fuels.

The authority shall adopt rules for determining eligibility, project feasibility, terms, conditions and security for loans under this section. Rules adopted pursuant to this section are routine technical rules under Title 5, chapter 375, subchapter II-A. Money in the fund not currently needed to meet the obligations of the authority as provided in this section may be invested in such a manner as permitted by law.

4. Accounts within fund. The authority may divide the fund into separate accounts as it determines necessary or convenient for carrying out this section, including, but not limited to, accounts reserved for direct loan funds.

5. Revolving fund. The fund is a nonlapsing, revolving fund. The fund must be continuously applied by the authority to carry out this section and section 1026-O.

**Sec. 6. 10 MRSA §1026-O is enacted to read:**

**§1026-O. Mortgage insurance for clean fuel vehicle projects**

1. Insurance. In addition to its other powers under this chapter, subject to the limitations of this subchapter except for the limitations in sections 1026-B to 1026-D, the authority may insure up to 100% of mortgage payments with respect to mortgage loans for clean fuel vehicle projects when the authority determines that:

A. The applicant demonstrates a reasonable likelihood that the applicant will be able to repay the loan;

2 B. The applicant demonstrates a reasonable likelihood that  
 3 the applicant will not be able to obtain a loan for the  
 4 project on reasonable terms without insurance pursuant to  
 5 this section;

6 C. The project is technologically feasible; and

7 D. The project will contribute to a reduction of or more  
 8 efficient use of fossil fuels.

9  
 10 2. Limitation on mortgage insurance. The authority may not  
 11 at any time have, in the aggregate amount of principal and  
 12 interest outstanding, mortgage insurance obligations pursuant to  
 13 this section exceeding \$5,000,000 less the outstanding balance of  
 14 any bonds issued under section 1024, subsection 2, with respect  
 15 to obligations incurred under this section.

16  
 17 3. Mortgage eligibility. The authority may adopt rules for  
 18 determining eligibility, project feasibility, terms, conditions  
 19 and security for insured mortgage loans under this section.  
 20 Rules adopted pursuant to this section are routine technical  
 21 rules under Title 5, chapter 375, subchapter II-A. The authority  
 22 may accept less than adequate collateral when necessary.

23  
 24 Sec. 7. 24-A MRSA §2303-B is enacted to read:

25 §2303-B. Clean fuel vehicle incentive

26  
 27 An insurer may credit or refund any portion of the premium  
 28 charges for an insurance policy for a clean fuel vehicle in order  
 29 to encourage its policyholders to use clean fuel vehicles if  
 30 insurance premiums on other vehicles are not increased to fund  
 31 these credits or refunds.

32  
 33 For purposes of this section, "clean fuel vehicle" has the  
 34 same meaning as set out in Title 36, section 1481, subsection 9.

35  
 36 Sec. 8. 36 MRSA §1481, sub-§§8 and 9 are enacted to read:

37  
 38 8. Clean fuel. "Clean fuel" means all products or energy  
 39 sources used to propel motor vehicles, as defined in Title 29-A,  
 40 section 101, other than conventional gasoline, diesel or  
 41 reformulated gasoline, that, when compared to conventional  
 42 gasoline, diesel or reformulated gasoline, results in lower  
 43 emissions of oxides of nitrogen, volatile organic compounds,  
 44 carbon monoxide or particulates or any combination of these.  
 45 "Clean fuel" includes, but is not limited to, compressed natural  
 46 gas; liquefied natural gas; liquefied petroleum gas; hydrogen;  
 47 hythane, which is a combination of compressed natural gas and  
 48

hydrogen; dynamic flywheels; solar energy; alcohol fuels  
containing not less than 85% alcohol by volume; and electricity.

9. Clean fuel vehicle. "Clean fuel vehicle" means a  
vehicle that may be propelled by a clean fuel or a fuel-cell  
electric vehicle that uses any fuel.

Sec. 9. 36 MRSA §1483, sub-§14, as amended by PL 1995, c. 12,  
§2 and affected by §4, is further amended to read:

14. Antique and experimental aircraft. Antique and  
experimental aircraft as defined in Title 6, section 3,  
subsections 10-A and 18-E and registered according to the  
provisions of Title 6; and

Sec. 10. 36 MRSA §1483, sub-§15, as enacted by PL 1995, c. 12,  
§3 and affected by §4, is amended to read:

15. Adaptive equipment. Adaptive equipment installed on a  
motor vehicle owned by a disabled person or the family of a  
disabled person to make that vehicle operable or accessible by a  
disabled person; and

Sec. 11. 36 MRSA §1483, sub-§16 is enacted to read:

16. Clean fuel vehicle. A portion of the sale or lease  
price of a clean fuel vehicle as follows:

A. That portion of the sale or lease price of a clean fuel  
vehicle sold or leased by an original equipment manufacturer  
that exceeds the price of an identical vehicle powered by  
gasoline; or

B. When there is no identical vehicle powered by gasoline:

(1) Thirty percent of the sale or lease price of an  
internal combustion engine clean fuel vehicle; or

(2) Fifty percent of the sale or lease price of a  
clean fuel vehicle either fully or partly powered by  
electricity stored in batteries, generated by a dynamic  
flywheel or generated by a fuel cell on board the  
vehicle.

This subsection is repealed January 1, 2006.

Sec. 12. 36 MRSA §1752, sub-§§1-E and 1-F are enacted to read:

1 1-E. Clean fuel. "Clean fuel" means all products or energy  
 2 sources used to propel motor vehicles, as defined in Title 29-A,  
 3 section 101, other than conventional gasoline, diesel or  
 4 reformulated gasoline, that, when compared to conventional  
 5 gasoline, diesel or reformulated gasoline, results in lower  
 6 emissions of oxides of nitrogen, volatile organic compounds,  
 7 carbon monoxide or particulates or any combination of these.  
 8 "Clean fuel" includes, but is not limited to, compressed natural  
 9 gas; liquefied natural gas; liquefied petroleum gas; hydrogen;  
 10 hythane, which is a combination of compressed natural gas and  
 11 hydrogen; dynamic flywheels; solar energy; alcohol fuels  
 12 containing not less than 85% alcohol by volume; and electricity.

13 1-F. Clean fuel vehicle. "Clean fuel vehicle" means a  
 14 vehicle that may be propelled by a clean fuel or a fuel-cell  
 15 electric vehicle that uses any fuel.

16  
 17 **Sec. 13. 36 MRS.A §1760, sub-§78 is enacted to read:**

18  
 19 78. Partial exemption for clean fuel vehicles. A portion  
 20 of the sale or lease price of a clean fuel vehicle as follows:

21  
 22 A. That portion of the sale or lease price of a clean fuel  
 23 vehicle sold by an original equipment manufacturer that  
 24 exceeds the price of an identical vehicle powered by  
 25 gasoline; or

26  
 27 B. When there is no identical vehicle powered by gasoline:

28  
 29 (1) Thirty percent of the sale or lease price of an  
 30 internal combustion engine clean fuel vehicle; or

31  
 32 (2) Fifty percent of the sale or lease price of a  
 33 clean fuel vehicle either fully or partly powered by  
 34 electricity stored in batteries, generated by a dynamic  
 35 flywheel or generated by a fuel cell on board the  
 36 vehicle.

37  
 38 This subsection is repealed January 1, 2006.

39  
 40 **Sec. 14. 36 MRS.A §5219-L is enacted to read:**

41  
 42 §5219-L. Clean fuel vehicle economic and infrastructure  
 43 development

44  
 45 1. Definition. As used in this section, unless the context  
 46 otherwise indicates, the term "clean fuel" means all products or  
 47 energy sources used to propel motor vehicles, as defined in Title  
 48 29-A, section 101, other than conventional gasoline, diesel or

reformulated gasoline, that, when compared to conventional gasoline, diesel or reformulated gasoline, results in lower emissions of oxides of nitrogen, volatile organic compounds, carbon monoxide or particulates or any combination of these. "Clean fuel" includes, but is not limited to, compressed natural gas; liquefied natural gas; liquefied petroleum gas; hydrogen; hythane, which is a combination of compressed natural gas and hydrogen; dynamic flywheels; solar energy; alcohol fuels containing not less than 85% alcohol by volume; and electricity.

**2. Credit allowed.** A taxpayer is allowed a credit against the tax imposed by this Part in an amount equal to the qualifying percentage of expenditures paid or incurred by the taxpayer for the construction or installation of or improvements to any filling or charging station for the purposes of providing clean fuels to the general public for use in motor vehicles, as calculated pursuant to subsection 4.

**3. Limitation; carry-over.** The credit allowed under subsection 2 may not reduce the tax otherwise due under this Part below zero and the credit may not exceed the tax liability for income that is earned by the taxpayer from the sale of clean fuels sold for use in motor vehicles. Any unused portion of the credit may be carried over to the following year or years until exhausted.

**4. Qualifying percentage.** For purposes of calculating the credit, the qualifying percentage is:

A. Fifty percent for expenditures made from January 1, 1997 to December 31, 2001; and

B. Twenty-five percent for expenditures made from January 1, 2002 to December 31, 2005.

This section is repealed January 1, 2006.

**Sec. 15. 38 MRSA §585-F is enacted to read:**

**§585-F. Motor vehicle emissions labeling program**

The board may adopt rules to implement a motor vehicle emissions labeling program for all new vehicles sold within the State in order to educate the public about the types and amounts of motor vehicle emissions. Rules adopted pursuant to this section are routine technical rules under Title 5, chapter 375, subchapter II-A.

**Sec. 16. Clean fuel vehicle working group established.** The Commissioner of Environmental Protection shall convene a working



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group of interested parties to recommend a motor vehicle emissions incentives and education program in the State that educates the public concerning motor vehicle emissions, that may provide a rebate for less polluting light-duty passenger cars and trucks and that may require payment of a fee for those vehicles that are more polluting in a manner that is revenue neutral. The working group shall report its recommendations to the Legislature by February 1, 1998.

Sec. 17. Appropriation. The following funds are appropriated from the General Fund to carry out the purposes of this Act.

1997-98

ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF

Bureau of Taxation

20	All Other	\$5,500
22	Provides funds for computer programming changes to the income tax forms.	

Sec. 18. Retroactivity. That section of this Act that enacts the Maine Revised Statutes, Title 36, section 5219-L applies retroactively to January 1, 1997.

Further amend the bill by inserting at the end before the summary the following:

FISCAL NOTE

36		1997-98	1998-99
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APPROPRIATIONS/ALLOCATIONS

40	General Fund	\$5,500	
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REVENUES

44	General Fund	(\$3,553)	(\$6,595)
46	Other Funds	(191)	(355)

The bill establishes the Clean Fuel Vehicle Fund. The Finance Authority of Maine will require General Fund

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2 appropriations or other funding sources to capitalize this fund.  
3 The bill also authorizes the Finance Authority of Maine to use up  
4 to \$5,000,000 of its existing constitutional loan insurance  
5 authority to insure clean fuel vehicle projects. This may  
6 increase the moral obligation debt of the State. Additional debt  
7 may be issued than would otherwise be issued.

8 The additional sales tax exemption for clean fuel vehicles  
9 will decrease General Fund revenue by \$1,931 in fiscal year  
10 1997-98 and \$3,198 in fiscal year 1998-99. The corresponding  
11 decreases in dedicated revenue to the Local Government Fund for  
12 state-municipal revenue sharing will be \$104 and \$172,  
13 respectively.

14 The additional income tax exemption for construction of  
15 facilities to service clean fuel vehicles will decrease General  
16 Fund revenue by \$1,622 in fiscal year 1997-98 and \$3,397 in  
17 fiscal year 1998-99. The corresponding decreases in dedicated  
18 revenue to the Local Government Fund for state-municipal revenue  
19 sharing will be \$87 and \$183, respectively.

20 The Bureau of Taxation will require an additional General  
21 Fund appropriation of \$5,500 in fiscal year 1997-98 for computer  
22 programming to administer the income tax credit.

23 The Board of Environmental Protection within the Department  
24 of Environmental Protection will incur some minor additional  
25 costs to adopt certain rules pertaining to a motor vehicle  
26 emissions labeling program. These costs can be absorbed within  
27 the board's existing budgeted resources.

28 The Department of Environmental Protection will incur some  
29 minor additional costs to convene a working group and to submit a  
30 required report to the Legislature. These costs can be absorbed  
31 within the department's existing budgeted resources.'

32  
33  
34  
35  
36  
37  
38 **SUMMARY**

39 This amendment replaces the bill. The amendment creates the  
40 revolving Clean Fuel Vehicle Fund under the jurisdiction of the  
41 Finance Authority of Maine to make loans to finance clean fuel  
42 vehicle projects, including the acquisition or lease of clean  
43 fuel vehicles and the acquisition of capital equipment necessary  
44 to establish clean fuel vehicle support and maintenance  
45 facilities. The amendment also authorizes the authority to  
46 insure mortgage loans for clean fuel vehicle projects.

47 The amendment permits an insurer to offer credits or refunds  
48 on insurance policy premiums in order to encourage the use of  
49  
50

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clean fuel vehicles if the credits or refunds are not funded through increases in insurance premiums on other vehicles.

The amendment exempts a portion of the sale or lease price of clean fuel vehicles from excise taxes and sales and use taxes. The exempt portion is that part of the price that exceeds the price of an otherwise identical vehicle powered by gasoline. The exemptions do not apply to vehicles purchased after December 31, 2005.

The amendment also allows an income tax credit equal to a percentage of expenditures paid for the development of infrastructure relating to the sale of clean fuels. The credit is not allowed for expenditures made after December 31, 2005.

The amendment authorizes the Board of Environmental Protection to adopt rules to implement a motor vehicle emissions labeling program for all new vehicles sold within the State in order to educate the public about the types and amounts of motor vehicle emissions. The amendment also requires the Commissioner of Environmental Protection to convene a working group to recommend a motor vehicle emissions incentives and education program. The working group must report its recommendations to the Legislature by February 1, 1998.

The amendment adds an appropriation section and a fiscal note to the bill.