

MAINE STATE LEGISLATURE

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DATE: April 8, 1998

(Filing No. S-782)

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STATE OF MAINE
SENATE
118TH LEGISLATURE
SECOND SPECIAL SESSION

COMMITTEE OF CONFERENCE AMENDMENT "A" to COMMITTEE AMENDMENT "A" to H.P. 489, L.D. 660, Bill, "An Act to Opt out of the Federal Requirement to Use Reformulated Fuel"

Amend the amendment by striking out everything after the title and before the summary and inserting in its place the following:

'Amend the bill by striking out the title and substituting the following:

'An Act to Promote Clean Fuel Alternatives'

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

PART A

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

1-F. 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,

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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.

1-G. 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. A-2. 36 MRSa §1760, sub-§79 is enacted to read:

79. Partial exemption for clean fuel vehicles. 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 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. A-3. 36 MRSa §5219-O is enacted to read:

§5219-O. Clean fuel vehicle economic and infrastructure development

1. Definition. As used in this section, unless the context otherwise indicates, the term "clean fuel" means any product or energy source 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

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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, 1999
to December 31, 2001; and

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

This section is effective for tax years beginning on or
after January 1, 1999 and is repealed for tax years ending on or
after January 1, 2006.

Sec. A-4. Appropriation. The following funds are appropriated
from the General Fund to carry out the purposes of this Part.

1998-99

**ENVIRONMENTAL PROTECTION,
DEPARTMENT OF**

Air Quality

All Other (\$1,500)

Provides for the deappropriation of funds to
offset a General Fund revenue loss from the
sales tax exemption on the differential cost
of clean fuel vehicles.

2003

PART B

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Sec. B-1. Alternative fuels study. The Commissioner of Environmental Protection shall evaluate the effectiveness of low emission vehicle incentives and shall develop recommendations regarding alternative fuels to reformulated gasoline with methyl tertiary butyl ether that would meet the requirements of the federal Clean Air Act, Section 182, 42 United States Code, Section 7511a(b)(1). In developing these recommendations, the commissioner shall consult with members of the joint standing committee of the Legislature having jurisdiction over natural resource matters, members of the public, the Bureau of Health within the Department of Human Services, the United States Environmental Protection Agency, representatives of the oil industry and other interested parties. The commissioner shall hold at least one public hearing prior to developing the interim report required under section 2.

Sec. B-2. Recommendations; report. The Commissioner of Environmental Protection shall submit a report, including the findings from the evaluation and recommendations regarding alternative fuels, to the joint standing committee of the Legislature having jurisdiction over natural resource matters by January 15, 2000. The commissioner shall submit an interim progress report to the joint standing committee of the Legislature having jurisdiction over natural resource matters by January 15, 1999.

Sec. B-3. Appropriation. The following funds are appropriated from the General Fund to carry out the purposes of this Part.

1998-99

ENVIRONMENTAL PROTECTION, DEPARTMENT OF

Air Quality

All Other	\$7,250
Appropriates funds for the costs of holding a public hearing and for the costs of comparative risk study which will be contracted through the Bureau of Health, within the Department of Human Services.	

FISCAL NOTE

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1998-99

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APPROPRIATIONS/ALLOCATIONS

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General Fund (\$1,500)

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10 REVENUES

12 General Fund (\$1,500)
13 Other Funds (81)

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16 This amendment includes two new tax exemptions related to
17 clean fuel vehicles resulting in combined General Fund revenue
18 reductions of \$1,500 in fiscal year 1998-99, \$6,554 in fiscal
19 year 1999-2000 and \$8,633 in fiscal year 2000-01. The
20 corresponding decreases in dedicated revenue to the Local
21 Government Fund for state-municipal revenue sharing will be \$81,
22 \$352 and \$464, respectively.

22

24 This amendment also adds a General Fund deappropriation of
25 \$1,500 in fiscal year 1998-99 from the Air Quality program within
26 the Department of Environmental Protection to offset the General
27 Fund revenue reduction in fiscal year 1998-99.

26

28 The Bureau of Revenue Services will incur some minor
29 additional costs to administer these new tax exemptions. These
30 costs can be absorbed within the bureau's existing budgeted
31 resources.

32

34 SUMMARY

36 This amendment, which is the report of the Committee of
37 Conference, incorporates the changes made by Senate Amendment "B"
38 to Committee Amendment "A" except that it changes the title of
39 the bill and directs the Commissioner of Environmental Protection
40 to evaluate the effectiveness of low emission vehicle incentives
41 and develop recommendations regarding alternative fuels to
42 reformulated gasoline with methyl tertiary butyl ether.