

# MAINE STATE LEGISLATURE

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# 119th MAINE LEGISLATURE

## FIRST REGULAR SESSION-1999

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Legislative Document

No. 1452

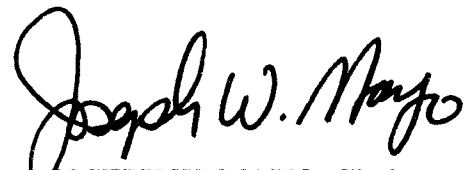
H.P. 1030

House of Representatives, February 23, 1999

**An Act to Allocate the State Tax Windfall on the Sale of  
Generation-related Assets to the Reduction of Stranded Costs Otherwise  
Paid by Ratepayers.**

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Reference to the Committee on Taxation suggested and ordered printed.

  
JOSEPH W. MAYO, Clerk

Presented by Representative O'NEAL of Limestone.  
Cosponsored by Representatives: AHEARNE of Madawaska, KNEELAND of Easton,  
SIROIS of Caribou, TRIPP of Topsham, USHER of Westbrook, WHEELER of Bridgewater,  
Senator: CAREY of Kennebec.

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

4 **Sec. 1. 35-A MRSA §117-A is enacted to read:**

6 **§117-A. Maine Electric Utility Stranded Costs Reduction Fund**

8 **1. Establishment of fund.** The Maine Electric Utility  
10 Stranded Costs Reduction Fund, referred to in this section as the  
12 "fund," is established to reduce stranded costs, as defined in  
14 section 3208, and provide savings to Maine electric consumers.  
16 The fund does not lapse but carries forward; any interest  
18 generated by the fund must be credited to the fund.

20 **2. Sources of funding.** Tax revenue resulting from an  
22 electric utility's divestiture of generation assets and  
24 generation-related business activities pursuant to section 3204  
26 must be deposited in the fund. The Treasurer of State shall  
28 invest the money in the fund as authorized by Title 5, section  
30 138.

32 **3. Uses of fund.** The fund may be used only for reduction  
34 of stranded costs in accordance with section 3208 and rules  
36 adopted by the commission.

38 **4. Budget approval.** The commission shall submit its budget  
40 recommendations for the fund as part of the unified current  
42 services budget legislation in accordance with Title 5, sections  
44 1663 to 1666.

46 **Sec. 2. 36 MRSA §5287 is enacted to read:**

48 **§5287. Use of Maine Electric Utility Stranded Costs Reduction**  
50 **Fund**

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

**A. "Commission"** means the Public Utilities Commission.

**B. "Fund"** means the Maine Electric Utility Stranded Costs  
Reduction Fund as established in Title 35-A, section 117-A.

**C. "Qualified transaction"** means a sale or other  
disposition effected by an eligible taxpayer in furtherance  
of a plan approved by the commission pursuant to Title 35-A,  
section 3204.

**2. Source and use of fund.** All taxes collected from an  
investor-owned electric utility as a result of that utility's

2 divestiture of generation assets, as defined in Title 35-A,  
3 section 3201, in a qualified transaction must be deposited and  
4 maintained by the Treasurer of State in the fund. The fund must  
5 be used to reduce stranded costs, as defined by Title 35-A,  
6 section 3208.

7 3. Investment. The Treasurer of State shall invest the  
8 money in the fund as authorized by Title 5, section 138; any  
9 interest generated by the fund must be credited to the fund.

## 12 SUMMARY

14 This bill provides for the allocation of the state tax  
15 windfall associated with the mandated sale of utility-owned  
16 generation assets to reduce the amount of stranded costs and  
17 provide further savings to electric consumers. The bill  
18 establishes the Maine Electric Utility Stranded Costs Reduction  
19 Fund to be used solely for the reduction of stranded costs by the  
20 Public Utilities Commission.