

MAINE STATE LEGISLATURE

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L.D. 1500

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UTILITIES AND ENERGY

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STATE OF MAINE
HOUSE OF REPRESENTATIVES
119TH LEGISLATURE
FIRST REGULAR SESSION

COMMITTEE AMENDMENT "A" to H.P. 1069, L.D. 1500, Bill, "An Act to Establish a Trust Fund to Provide Statewide Assistance to Low-income Electric Consumers"

Amend the bill by striking out all of sections 3 to 5 and inserting in their place the following:

Sec. 3. 35-A MRSA §3214-A is enacted to read:

§3214-A. Low-income Electric Consumer Trust Fund

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

A. "Authority" means the Maine State Housing Authority.

B. "LIECTAB" means Low-income Electric Consumer Trust Advisory Board established pursuant to subsection 8.

C. "Program" means the electric utility bill payment assistance program.

D. "Trust" means the Low-income Electric Consumer Trust Fund.

2. Creation of trust. To continue financial assistance for low-income households and to meet future increases in need caused by economic exigencies, there is created and established the Low-income Electric Consumer Trust Fund, a nonlapsing fund administered and controlled by the authority in accordance with this section.

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2 3. Purpose of trust; beginning date. The purpose of the
3 trust is to help fund an electric utility bill payment assistance
4 program for residential customers. Beginning March 1, 2002, the
5 program must be available to all qualified customers in
6 accordance with eligibility criteria established by the authority
7 in consultation with the LIECTAB.

8 4. Sources of trust funds. Money obtained from the
9 following sources must be paid to the authority, which shall
10 deposit the money in the trust:

11 A. That portion of corporate income taxes collected by the
12 State Tax Assessor attributable to the sale or transfer of
13 generation assets divested pursuant to section 3204;

14 B. All interest, dividends and pecuniary gains from
15 investment of money of the trust;

16 C. All proceeds from the issuance of bonds on behalf of the
17 State for inclusion in the trust;

18 D. All money appropriated or dedicated for inclusion in the
19 trust;

20 E. Gifts, bequests and donations to the trust from private
21 individuals or corporations;

22 F. Grants to the trust from private or public foundations;

23 G. Other money available to the authority and directed by
24 the authority to be paid into the trust; and

25 H. Funds from the transmission and distribution utilities
26 to be paid into the trust pursuant to subsection 5.

27 All funds received pursuant to this subsection are trust funds to
28 be held and applied solely as provided in this section.

29 5. Additional funds. If the authority determines that the
30 money available from the trust after March 1, 2002 will be
31 insufficient to meet projected annual program costs, it may
32 petition the commission to assess transmission and distribution
33 utilities the amount necessary to sufficiently fund the program.
34 The assessment is recoverable in the rates of the transmission
35 and distribution utilities. Funds collected pursuant to this
36 subsection are paid to the authority for deposit in the trust in
37 accordance with this section.

38 6. Transition. Until March 1, 2002, the commission shall
39 direct transmission and distribution utilities to continue until
40 March 1, 2002 low-income assistance programs in existence on the

effective date of this subsection. Subject to the approval of the commission, consumer-owned transmission and distribution utilities shall develop and implement low-income assistance programs to provide assistance to low-income consumers between March 1, 2000 and March 1, 2002.

7. Trust administration. The authority shall administer the trust and the program in a manner that meets the purpose of the trust as set forth in subsection 3. Beginning on March 1, 2002, the authority shall administer the trust as an endowment by establishing, in consultation with the LIECTAB, a fixed percentage withdrawal for funding the program. The fixed percentage withdrawal may be changed as necessary to ensure the financial integrity of the trust, provided the percentage may not be less than 4% of the total value of the trust. The authority shall establish eligibility criteria and benefit levels for households using a percentage of income formula that is substantially similar to that used in the low-income electric program operated by Central Maine Power Company in 1998. Beginning in 2005 and thereafter, the authority may revise eligibility criteria and assistance levels for the program year, but eligibility criteria and assistance levels may not be made more restrictive than those in effect in Central Maine Power Company's service territory in 1998. Assistance under this section may not be counted as income or as a resource in other means-tested assistance programs for low-income households. Assistance must be provided in a manner most likely to prevent loss of other assistance.

8. Program administration advisory board. The Low-income Electric Consumer Trust Advisory Board is established to advise the authority regarding all aspects of the program.

The LIECTAB must have access to relevant documents and must be given opportunity for participation in considering the development of eligibility standards and benefit levels, outreach plans and other issues related to policy development and the program. The authority shall consult the LIECTAB before taking action significantly affecting program recipients.

The authority shall provide LIECTAB with staff assistance and technical assistance as necessary to enable LIECTAB to make effective recommendations. In addition, the authority shall make financial arrangements as necessary to make possible the participation of low-income members of the LIECTAB.

The LIECTAB consists of a representative of the Office of the Public Advocate appointed by the Public Advocate, 9 members appointed by the authority and 3 members appointed by the commission as follows.

A. The commission shall appoint:

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- (1) A representative of the Consumer Assistance Division of the commission;
- (2) A representative of the transmission and distribution utilities; and
- (3) A representative of a competitive electricity provider.

B. The authority shall appoint:

- (1) One representative of elderly people taken from nominations by an organization representing the elderly;
- (2) One representative of an organization that provides legal assistance to low-income people and that has significant knowledge of public assistance programs;
- (3) Two representatives of community action programs;
- (4) Two representatives of low-income families, as nominated by an organization comprised primarily of low-income people; and
- (5) Three persons knowledgeable in residential energy usage or utility affairs.

9. Annual report. Annually, the authority shall make a reasonable estimate of whether the combined principal and income from the trust will be sufficient to meet the reasonably anticipated cost of the program for the ensuing program year, taking into account factors that include, but are not limited to, the number of households enrolled, the number projected to be enrolled, the state economy, the price of electricity and projected principal and income from the trust. The authority shall report its findings by January 1st of each year to the joint standing committee of the Legislature having jurisdiction over utilities matters and to the LIECTAB, which may make recommendations to the authority based upon this information.

10. Depletion of principal. The authority may not authorize an appropriation that would deplete the base level of the trust's principal to less than the initial investment established pursuant to subsection 4, paragraph A.

11. Rules. The commission and the authority shall each adopt rules necessary to implement this section. Rules adopted under this section are routine technical rules pursuant to Title 5, chapter 375, subchapter II-A.

R.S.

2 **Sec. 4. Tax revenues from divestiture.** That portion of the
3 corporate income taxes collected from electric utilities by the
4 State Tax Assessor pursuant to the Maine Revised Statutes, Title
5 36, Part 8 attributable to the net gain on the sale or transfer
6 of generation assets divested pursuant to Title 35-A, section
7 3204, including the sale or transfer of generation assets
8 divested prior to the effective date of this Act, must be paid by
9 the State Tax Assessor to the Maine State Housing Authority,
10 which shall deposit them in the Low-income Electric Consumer
11 Trust Fund established pursuant to Title 35-A, section 3214-A.
12 With any tax payment made by a utility that includes tax
13 attributable to the net gain on the sale or transfer of
14 generation assets divested pursuant to Title 35-A, section 3204,
15 the utility shall provide to the State Tax Assessor certification
16 of the amount of the tax payment attributable to such net gain.
17 Within 30 days of the effective date of this Act, a utility that
18 has made any tax payments prior to the effective date of this Act
19 that include taxes attributable to the net gain on the sale or
20 transfer of generation assets divested pursuant to Title 35-A,
21 section 3204 shall provide to the State Tax Assessor
22 certification of the amount of the tax payments attributable to
23 such net gain.

24 The amount of tax attributable to the net gain on the sale
25 or transfer of generation assets divested pursuant to Title 35-A,
26 section 3204 must be calculated by subtracting from the total
27 corporate income tax paid by the utility the amount of tax that
28 would have been paid had there been no gains relative to the sale
29 or transfer of generation assets divested pursuant to Title 35-A,
30 section 3204.

31 Funds deposited in the Low-income Electric Consumer Trust
32 Fund pursuant to this section are not included in the calculation
33 of municipal revenue sharing pursuant to Title 30-A, section
34 5681. If an electric utility files an amended return that
35 affects the calculations made under this section, the State Tax
36 Assessor shall recalculate the amount of taxes attributable to
37 the net gain on the sale or transfer of generation assets
38 divested pursuant to Title 35-A, section 3204 and:

39 1. If the amount of such taxes is increased, shall transfer
40 the increased amounts to the Maine State Housing Authority, which
41 shall deposit them in the Low-income Electric Consumer Trust Fund
42 established pursuant to Title 35-A, section 3214-A; or
43

44 2. If the amount of such taxes is reduced, shall provide an
45 accounting to the Maine State Housing Authority, which shall pay
46 from the Low-income Electric Consumer Trust Fund established
47 pursuant to Title 35-A, section 3214-A to the Treasurer of State
48 for deposit in the General Fund an amount equal to the amount of
49 the reduction.
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2 **Sec. 5. Transfer of funds.** Within 30 days of the effective
date of this Act, each electric utility that has divested
4 generation assets pursuant to the Maine Revised Statutes, Title
35-A, section 3204 shall report to the State Tax Assessor the
6 value of all real property transferred as part of such
divestiture that was subject to tax under Title 36, chapter
711-A. The State Tax Assessor shall calculate the amount of the
8 total tax paid on such transfers that was deposited in the
General Fund pursuant to Title 36, section 4641-B and shall
10 notify the Treasurer of State who shall transfer that amount from
the General Fund to the Low-income Electric Consumer Trust Fund
12 established under Title 35-A, section 3214-A.

14 **Sec. 6. Allocation.** The following funds are allocated from
Other Special Revenue funds to carry out the purposes of this Act.

	1999-00	2000-01
HOUSING AUTHORITY, MAINE STATE		
Low-income Electric Consumer Trust Fund		
All Other	\$60,675,000	\$500

26 Provides allocations to
authorize the payment of
28 funds to the Low-income
Electric Consumer Trust Fund
30 administered and controlled
by the Maine State Housing
32 Authority.'

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

38 **FISCAL NOTE**

	1999-00	2000-01
APPROPRIATIONS/ALLOCATIONS		
Other Funds	\$60,675,000	\$500

46 **REVENUES**

General Fund	(\$57,615,000)
Other Funds	57,615,000

1 This bill requires the transfer of certain taxes from
2 electric utilities attributable to the divestiture of generation
3 assets to a Low-income Electric Consumer Trust Fund to be
4 administered and controlled by the Maine State Housing Authority
5 as an endowment. These transfers of tax revenue from
6 divestitures will decrease General Fund revenue in fiscal year
7 1999-00 by \$57,615,000, will decrease dedicated revenue
8 transferred to the Local Government Fund for state-municipal
9 revenue sharing by \$3,060,000 in fiscal year 1999-00 and will
10 increase dedicated revenue to the Low-income Electric Consumer
11 Trust Fund by \$60,675,000. These estimates are based on the
12 estimates of taxes attributable to divestiture of generating
13 assets of utilities that have occurred at this point in time.
14 The reductions of General Fund revenue and dedicated revenue to
15 the Local Government Fund and the increases of dedicated revenue
16 to the new trust fund may be higher as a result of future
17 divestitures by other electric utilities. The amounts associated
18 with those future divestitures can not be estimated at this time.

19 The amounts set aside as dedicated revenue for the
20 Low-income Electric Consumer Trust Fund must be allocated to
21 authorize their transfer to the Maine State Housing Authority.
22 An allocation of \$60,675,000 in fiscal year 1999-00 is included.
23 An allocation of \$500 in fiscal year 2000-01 is included to
24 authorize any additional tax collections that may result in
25 additional transfers to the trust fund in fiscal year 2000-01.
26

27 The Maine State Housing Authority will incur additional
28 costs to administer the trust fund and the electric utility bill
29 payment assistance program. The authority assumes that
30 administrative costs will be paid by the trust fund.
31

32 If the authority determines that the money available from
33 the trust will be insufficient, it may petition the Public
34 Utilities Commission to assess transmission and distribution
35 utilities the amount necessary to fund the program. It can not
36 be determined at this time whether the authority will petition
37 the commission to implement this assessment.
38

39 The Public Utilities Commission will incur some minor
40 additional costs to adopt rules, to potentially implement an
41 assessment of certain utilities and to participate as a member of
42 the advisory board. These costs can be absorbed within the
43 commission's existing budgeted resources.
44

45 The Bureau of Revenue Services will incur some minor
46 additional costs to implement the required transfers. These
47 costs can be absorbed within the bureau's existing budgeted
48 resources.
49

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SUMMARY

This amendment replaces most of the bill. This amendment:

1. Provides for a transfer of funds from the General Fund to the Low-income Electric Trust Fund equal to the amount of transfer taxes that will be deposited in the General Fund as a result of sales or transfers of generation assets required to be divested pursuant to the electric restructuring law;

2. Provides that the electric utility bill payment assistance program funded by the Low-income Electric Trust Fund becomes active on March 1, 2002; until that date existing utility-administered programs remain in place;

3. Directs consumer-owned electric utilities to develop and implement programs to provide assistance to low-income consumers between March 1, 2000 and March 1, 2002;

4. Provides that the Low-income Electric Trust Fund must be administered to provide for a fixed percentage withdrawal of not less than 4% of the total value of the fund;

5. Clarifies various provisions of the bill; and

6. Adds an allocation section and a fiscal note.