

# MAINE STATE LEGISLATURE

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# 121st MAINE LEGISLATURE

## FIRST REGULAR SESSION-2003

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Legislative Document

No. 1147

H.P. 850

House of Representatives, March 4, 2003

### **An Act To Shift Tax Burdens from Wages to Nonrenewable Power Sources**

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Reference to the Committee on Taxation suggested and ordered printed.

*Millicent M. MacFarland*  
MILLICENT M. MacFARLAND  
Clerk

Presented by Representative MILLS of Cornville.

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

4 **Sec. 1. 35-A MRSA §3203, sub-§2, ¶F,** as enacted by PL 1999, c.  
398, Pt. J, §2, is amended to read:

6 F. Evidence that the applicant is registered with the State  
7 Tax Assessor as a seller of tangible personal property  
8 pursuant to Title 36, section 1754-B, together with a  
9 statement that the applicant agrees to be responsible for  
10 the collection and remission of taxes in accordance with  
11 Title 36, Part 3 and Title 36, chapter 721 on all taxable  
12 sales of electricity made by the applicant to consumers  
13 located in this State.

14 **Sec. 2. 36 MRSA c. 721** is enacted to read:

16 **CHAPTER 721**

18 **ELECTRIC ENERGY TAX**

20 **§4901. Energy tax**

22 **1. Tax imposed.** Beginning January 1, 2004, a tax is imposed  
24 on the retail sale by a competitive electricity provider of  
25 electricity generated using coal, oil or natural gas. The tax is:

26 A. Three-tenths of one cent per kilowatt hour on  
28 electricity generated using coal;

30 B. Two-tenths of one cent per kilowatt hour on electricity  
31 generated using oil; and

32 C. One-tenth of one cent per kilowatt hour on electricity  
34 generated using natural gas.

36 **2. Definitions.** For the purposes of this chapter, unless  
37 the context otherwise indicates, the following terms have the  
38 following meanings.

40 A. "Competitive electricity provider" has the same meaning  
41 as under Title 35-A, section 3201, subsection 5.

42 B. "Retail sale" has the same meaning as under section  
44 1752, subsection 11.

46 **§4902. Payment of tax; report to State Tax Assessor**

48 **1. Monthly report.** Each competitive electricity provider  
49 selling electricity at retail in this State shall file with the  
50 State Tax Assessor, by the 15th day of each month, a report that

2 states the amount of all sales subject to tax under this chapter  
3 made during the preceding calendar month and any other  
4 information the State Tax Assessor requires. The State Tax  
5 Assessor may permit the filing of returns other than monthly.

6 2. Payment of tax. The tax imposed under this chapter must  
7 be paid at the same time as the report of sales is required under  
8 subsection 1.

10 3. Personal Exemption Reduction Fund. After deducting the  
11 cost of administering this chapter, the State Tax Assessor shall  
12 deposit all revenue received under this chapter in the Personal  
13 Exemption Reduction Fund, which is created for the purpose of  
14 reducing the personal exemption provided by section 5126. By  
15 September 15th annually, the State Tax Assessor shall identify  
16 the amount of money in the fund and determine the amount by which  
17 the personal exemption can be raised, rounded to the nearest \$10,  
18 without exceeding the amount available in the fund. The  
19 increased personal exemption determined under this section  
20 applies to tax years beginning in the year in which the  
21 determination is made. The amount in the fund that is determined  
22 to be necessary to increase the personal exemption must be  
23 transferred to the General Fund by September 30th annually.

#### 24 **§4903. Rules**

26 The State Tax Assessor, in consultation with the Public  
27 Utilities Commission, may adopt rules necessary to implement this  
28 chapter. Rules adopted pursuant to this section are routine  
29 technical rules as defined in Title 5, chapter 375, subchapter  
30 2-A.

32 Sec. 3. 36 MRSA §5126, as amended by PL 2001, c. 583, §16, is  
33 further amended to read:

#### 34 **§5126. Personal exemptions**

36 For income tax years beginning on or after January 1, 1998  
37 but before January 1, 1999, a resident individual is allowed  
38 \$2,400 for each exemption that the individual properly claims for  
39 the taxable year for federal income tax purposes, unless the  
40 taxpayer is claimed as a dependent on another return. For income  
41 tax years beginning on or after January 1, 1999 but before  
42 January 1, 2000, a resident individual is allowed \$2,750 for each  
43 exemption that the individual properly claims for the taxable  
44 year for federal income tax purposes, unless the taxpayer is  
45 claimed as a dependent on another return. For income tax years  
46 beginning on or after January 1, 2000, a resident individual is  
47 allowed \$2,850 for each exemption that the individual properly  
48 claims for the taxable year for federal income tax purposes,  
49   
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2 unless the taxpayer is claimed as a dependent on another return.  
3 For income tax years beginning on or after January 1, 2004, the  
4 amount of the personal exemption must be adjusted as provided by  
5 chapter 721.

6 **Sec. 4. Application.** That section of this Act that amends the  
7 Maine Revised Statutes, Title 36, section 5126 applies to tax  
8 years beginning on or after January 1, 2004.

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## SUMMARY

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13 This bill establishes, beginning January 1, 2004, a tax on  
14 the retail sale of electricity generated by the use of coal, oil  
15 or natural gas. Revenue from the tax is used to raise the amount  
16 of the income tax personal exemption.