

# MAINE STATE LEGISLATURE

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L.D. 1492

DATE: 1-27-04

(Filing No. H-641)

TAXATION

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STATE OF MAINE
HOUSE OF REPRESENTATIVES
121ST LEGISLATURE
SECOND REGULAR SESSION

COMMITTEE AMENDMENT "A" to H.P. 1089, L.D. 1492, Bill, "An Act To Promote the Production and Use of Fuels Derived from Agricultural and Forest Products"

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

Sec. 1. 36 MRSA §5219-X is enacted to read:

§5219-X. Biofuel production and use

1. Definition. As used in this section, unless the context otherwise indicates, the term "biofuel" means any liquid or gaseous product or energy source used to propel motor vehicles or otherwise substitute for liquid or gaseous fuels that is derived from agricultural crops or residues or from forest products or byproducts, as distinct from petroleum or other fossil carbon sources. "Biofuel" includes, but is not limited to, ethanol, methanol derived from biomass, levulinic acid, biodiesel, pyrolysis oils from wood, hydrogen or methane from biomass, or combinations of any of the above that may be used to propel motor vehicles either alone or in blends with conventional gasoline or diesel fuels or that may be used in place of petroleum products in whole or in part to fire heating devices or any stationary power device.

2. Credit allowed. A taxpayer engaged in the production of biofuels in the State who has received certification under subsection 4 is allowed a credit against the tax imposed by this Part on income derived during the taxable year from the

COMMITTEE AMENDMENT

production of biofuel in the amount of 5¢ per gallon of liquid biofuel or gaseous biofuel with a BTU equivalent to that of one gallon of gasoline that replaces the use of petroleum or liquid fuels derived from other fossil carbon sources. In blends with petroleum or other nonbiofuels, the credit is allowed only on the portion of that blend that the biofuel constitutes. Biofuel for which the credit is allowed must meet state and federal regulatory requirements applicable to the nature and intended use of the fuel produced.

3. Limitations. A person entitled to a credit under this section for any taxable year may carry over and apply the portion of any unused credits to the tax liability on income derived from the production of biofuel for any one or more of the next succeeding 5 taxable years. The credit allowed, including carryovers, may not reduce the tax otherwise due under this Part to less than zero.

4. Certification. A taxpayer engaged in the production of biofuels who is claiming a credit under subsection 2 shall provide information to the Commissioner of Environmental Protection regarding the biofuel being produced, including the quantity of biofuel products, the type of forest or agricultural product being utilized, the nature and composition of the biofuel being produced, the proportion and composition of any nonbiofuel with which the biofuel is blended and the type of application for which it is intended to be used. Upon review of the information, the Commissioner of Environmental Protection shall provide the taxpayer with a letter of certification stating that the biofuel produced during the taxable year is eligible for a tax credit under this section and stating the number of gallons of biofuel produced during the taxable year.

5. Application. This section applies to tax years beginning on or after January 1, 2004.

**Sec. 2. Appropriations and allocations.** The following appropriations and allocations are made.

**ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF**

**Maine Revenue Services**

Initiative: Provides funds to support the computer programming costs associated with establishing an income tax credit on biofuel.

<b>General Fund</b>	<b>2003-04</b>	<b>2004-05</b>
All Other	\$0	\$12,000

COMMITTEE AMENDMENT "A" to H.P. 1089, L.D. 1492

General Fund Total \$0 \$12,000'

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**SUMMARY**

6 This amendment expands the definition of "biofuel" to  
8 include gaseous fuels such as hydrogen and methane. It clarifies  
10 that the income tax credit applies only to tax attributable to  
12 income derived from the production of biofuel and adds a  
14 requirement that the biofuel meet state and federal regulatory  
16 requirements. The amendment also clarifies the requirements for  
documenting eligibility for the credit and adds an appropriations  
and allocations section.

**FISCAL NOTE REQUIRED**  
(See attached)

121st Maine Legislature  
Office of Fiscal and Program Review

## LD 1492

An Act To Promote the Production and Use of Fuels Derived from  
Agricultural and Forest Products

LR 1861(02)

Fiscal Note for Bill as Amended by Committee Amendment " "

Committee: Taxation

Fiscal Note Required: Yes




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Fiscal Note

	2003-04	2004-05	Projections 2005-06	Projections 2006-07
<b>Net Cost (Savings)</b>				
General Fund	\$0	\$12,000	\$0	\$0
<b>Appropriations/Allocations</b>				
General Fund	\$0	\$12,000	\$0	\$0

**Fiscal Detail and Notes**

Maine Revenue Services will require a one-time General Fund appropriation of \$12,000 in fiscal year 2004-05 to support the computer programming costs associated with this income tax credit. The provisions of this bill are not expected to have any measurable impact on income tax collections.