

MAINE STATE LEGISLATURE

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121st MAINE LEGISLATURE

FIRST REGULAR SESSION-2003

Legislative Document

No. 1492

H.P. 1089

House of Representatives, March 31, 2003

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

Submitted by the Department of Environmental Protection pursuant to Joint Rule 204.
Reference to the Committee on Taxation suggested and ordered printed.

Millicent M. MacFarland
MILLICENT M. MacFARLAND
Clerk

Presented by Representative SUSLOVIC of Portland.
Cosponsored by Representatives: JOY of Crystal, KOFFMAN of Bar Harbor, SMITH of
Monmouth, Senators: KNEELAND of Aroostook, MARTIN of Aroostook.

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

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

§5219-W. Biofuel production and use

1. Definition. As used in this section, unless the context otherwise indicates, the term "biofuel" means any product or energy source used to propel motor vehicles or otherwise substitute for liquid 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 wood, levulinic acid, biodiesel, pyrolysis oils from wood 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 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 is allowed a credit against the tax imposed by this Part in the amount of 5¢ per gallon of biofuel produced within the State during the taxable year 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.

3. Limitations. Reimbursement to a producer of biofuels under subsection 2 is subject to the following limitation. The credit allowed, including carryovers, may not reduce the tax otherwise due under this Part below zero. A person entitled to a credit under this section for any taxable year may carry over and apply to the tax liability for any one or more of the next succeeding 5 taxable years the portion of any unused credits.

4. Certification. A taxpayer engaged in the production of biofuels claiming a credit under subsection 2 shall provide information to the Commissioner of Environmental Protection regarding the biofuel being produced, including 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 shall provide the taxpayer with a letter of certification that the biofuel produced during the taxable year is eligible for a tax credit under this section.

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

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SUMMARY

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8 This bill is intended to promote the production and use of
fuels derived from agricultural and forest resources, byproducts
and wastes, replacing products that are currently derived from
10 petroleum, coal, natural gas or other forms of fossil carbon.
The bill provides an income tax credit of 5¢ per gallon for the
12 production of liquid fuels from biomass.