

MAINE STATE LEGISLATURE

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DATE: 6/2/15

L.D. 1647
(Filing No. H-628)

TAXATION

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STATE OF MAINE
HOUSE OF REPRESENTATIVES
122ND LEGISLATURE
FIRST SPECIAL SESSION

COMMITTEE AMENDMENT "A" to H.P. 1159, L.D. 1647, Bill, "An Act To Award Income Tax Credits for Boiler or Furnace Systems That Reduce or Eliminate Certain Pollutants"

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

Sec. 1. 5 MRSA §13070-J, sub-§1, ¶D, as corrected by RR 2001, c. 2, Pt. A, §11, is amended to read:

D. "Economic development incentive" means:

- (1) Assistance from Maine Quality Centers under Title 20-A, chapter 431-A;
- (2) The Governor's Training Initiative Program under Title 26, chapter 25, subchapter 4;
- (3) Municipal tax increment financing under Title 30-A, chapter 206;
- (4) The jobs and investment tax credit under Title 36, section 5215;
- (5) The research expense tax credit under Title 36, section 5219-K;

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- 2 (6) Reimbursement for taxes paid on certain business
property under Title 36, chapter 915;
- 4
- 6 (7) Employment tax increment financing under Title 36,
chapter 917;
- 8 (8) The shipbuilding facility credit under Title 36,
chapter 919; ~~or~~
- 10
- 12 (9) The credit for seed capital investment under Title
36, section 5216-B~~r~~; or
- 14 (10) The credit for pollution-reducing boilers under
Title 36, section 5219-Y.

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18 Sec. 2. 36 MRS §5219-Y is enacted to read:

20 **§5219-Y. Tax credit for pollution-reducing boilers**

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

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26 A. "Department" means the Department of Environmental
Protection.

28
30 B. "Organic material" means material that produces energy
when burned, including organic waste, municipal sludge and
sewage and oceanic and terrestrial crops.

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34 C. "Pollution-reducing boiler or furnace system" means a
boiler or furnace system placed into operation on or after
January 1, 2006 that, without increasing the total output of
nitrogen-oxygen compounds, burns organic material while:

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38 (1) Eliminating the amount of emissions of oxides of
nitrogen that would have resulted from using air for
combustion; and

40
42 (2) Meeting standards established by the department.

44 2. Tax credit; transferability. A business that uses a
pollution-reducing boiler or furnace system on the site of its
business, certified by the department, is entitled to a credit
against taxes due under this Part. The amount of the tax credit
is equal to 1.5¢ per kilowatt-hour or its equivalent in heat
energy produced by the pollution-reducing boiler or furnace
system, but in no case may the credit exceed the amount of tax
owed pursuant to this Part. The department shall annually

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certify the number of kilowatt-hours or its equivalent in heat energy produced by a certified pollution-reducing boiler or furnace system. Tax credits earned pursuant to this section may be carried over from one tax year to the next.

3. Other boiler or furnace system. A business that modifies a boiler or furnace system placed into operation prior to January 1, 2006 may qualify for the tax credit pursuant to subsection 2 if the existing boiler or furnace system is certified by the department as used in conjunction with technology that:

A. Eliminates the amount of emissions of oxides of nitrogen that would have resulted from using air for combustion; and

B. Meets standards established by the department.

The amount of the tax credit is limited to the kilowatt-hours or equivalent in heat energy produced certified by the department as attributable to the technology used in the boiler or furnace system.

4. Repeal. This section is repealed December 31, 2009.

Sec. 3. Application. That section of this Act that enacts the Maine Revised Statutes, Title 36, section 5219-Y applies to income tax years beginning on or after January 1, 2005 but before January 1, 2010.

Sec. 4. Appropriations and allocations. The following appropriations and allocations are made.

ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF

Maine Revenue Services 0002

Initiative: Provides funds for the computer programming costs associated with the income tax for pollution-reducing boilers.

GENERAL FUND	2005-06	2006-07
All Other	\$10,000	\$0
GENERAL FUND TOTAL	\$10,000	\$0'

SUMMARY

This amendment extends the income tax credit proposed in the bill for pollution-reducing boilers to businesses that are not corporations, eliminates the transferability of credits, requires

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2 certifications of eligible systems by the Department of
Environmental Protection, clarifies the application of the credit
and repeals the credit after 5 years. The amendment also
4 requires the Department of Administrative and Financial Services,
Bureau of Revenue Services to report annually on the use of the
6 credit as part of its economic development incentive report.
This amendment also adds an appropriations and allocations
8 section to the bill.

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FISCAL NOTE REQUIRED
(See attached)

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122nd MAINE LEGISLATURE

LD 1647

LR 2246(02)

An Act to Award Income Tax Credits for Boiler or Furnace Systems That Reduce or Eliminate Certain Pollutants

Fiscal Note for Bill as Amended by Committee Amendment "A"

Committee: Taxation

Fiscal Note Required: Yes

Fiscal Note

	2005-06	2006-07	Projections 2007-08	Projections 2008-09
Net Cost (Savings)				
General Fund	\$14,038	\$28,263	\$70,180	\$118,579
Appropriations/Allocations				
General Fund	\$10,000	\$0	\$0	\$0
Revenue				
General Fund	(\$4,038)	(\$28,263)	(\$70,180)	(\$118,579)
Other Special Revenue Funds	(\$217)	(\$1,519)	(\$3,850)	(\$6,504)

Fiscal Detail and Notes

This income tax credit is expected to reduce General Fund revenue by \$4,038 in fiscal year 2005-06 and \$28,263 in fiscal year 2006-07. This bill also includes a one-time General Fund appropriation of \$10,000 in fiscal year 2005-06 for Maine Revenue Services for the computer programming costs associated with the tax credit. The additional costs associated with certifying eligible systems and other requirements will be absorbed by the Department of Environmental Protection utilizing existing budgeted resources.