

MAINE STATE LEGISLATURE

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122nd MAINE LEGISLATURE

FIRST SPECIAL SESSION-2005

Legislative Document

No. 1647

H.P. 1159

House of Representatives, May 5, 2005

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

(AFTER DEADLINE)

Approved for introduction by a majority of the Legislative Council pursuant to Joint Rule 205.

Reference to the Committee on Taxation suggested and ordered printed.

Millicent M. MacFarland
MILLICENT M. MacFARLAND
Clerk

Presented by Representative DUDLEY of Portland.
Cosponsored by Senator PERRY of Penobscot and
Representatives: BOWLES of Sanford, CLOUGH of Scarborough, HUTTON of Bowdoinham,
KOFFMAN of Bar Harbor, Speaker RICHARDSON of Brunswick, WATSON of Bath,
Senators: President EDMONDS of Cumberland, MILLS of Somerset.

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

4 Sec. 1. 36 MRSA §5202-D is enacted to read:

6 **§5202-D. Tax credit for pollution-reducing boilers**

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

14 A. "Organic material" means material that produces energy
16 when burned, including organic waste, municipal sludge or
18 sewage and oceanic or terrestrial crops.

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

28 (1) Eliminating the amount of emissions of oxides of
30 nitrogen that would have resulted from using air; or

32 (2) Reducing particulates emissions by at least 20%
34 below standards established by the Department of
36 Environmental Protection, Board of Environmental
38 Protection.

40 2. Tax credit; transferability. A business that uses a
42 pollution-reducing boiler or furnace system on the site of its
44 business is entitled to a credit against taxes due under this
46 chapter. The amount of the tax credit is equal to 1.5¢ per
48 kilowatt-hour or its equivalent in heat energy produced by the
50 pollution-reducing boiler or furnace system, but in no case may
the credit exceed the amount of tax owed pursuant to this
chapter. Tax credits earned pursuant to this chapter are
transferable and may be carried over from one tax year to the
next.

3. Other boilers or furnace systems. 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 used in
conjunction with technology that:

A. Reduces nitrogen oxides without increasing or decreasing
the total output of nitrogen-oxide compounds; or

B. Reduces particulates emissions by at least 20% below
standards established by the Department of Environmental
Protection, Board of Environmental Protection.

2 The amount of the tax credit is limited to the kilowatt-hours or
3 its equivalent in heat energy produced attributable to the
4 technology used in the boiler or furnace system.

6 **Sec. 2. Standards.** The Department of Environmental
7 Protection, Board of Environmental Protection shall adopt rules
8 and standards for particulate emissions from boilers and furnace
9 systems. Rules adopted pursuant to this section are routine
10 technical rules as defined in the Maine Revised Statutes, Title
11 5, chapter 375, subchapter 2-A.

12 **Sec. 3. Application.** That section of this Act that enacts the
13 Maine Revised Statutes, Title 36, section 5202-D applies to
14 income tax years beginning on or after January 1, 2005.

18 **SUMMARY**

20 This bill provides a credit against corporate income taxes
21 to businesses that put into operation on or after June 1, 2005 a
22 furnace or boiler system that burns organic material and
23 eliminates nitrogen oxides without increasing other pollutants or
24 reduces particulate emissions to a level that is 20% below
25 standards established by the Department of Environmental
26 Protection, Board of Environmental Protection. The credit is
27 equal to 1.5¢ per kilowatt-hour or its equivalent in heat energy
28 produced by the furnace or boiler system. A business with an
29 existing boiler or furnace system placed into operation prior to
30 June 1, 2005 may qualify for the tax credit if it modifies its
31 boiler or furnace system to burn more cleanly, but only to the
32 extent of the kilowatt-hours or equivalent heat energy
 attributable to the modification.