

MAINE STATE LEGISLATURE

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Legislative Document

No. 302

H.P. 246

House of Representatives, January 19, 2007

An Act To Create an Alternative Fuel Vehicle Income Tax Credit and an Alternative Fuel Vehicle Rebate

Reference to the Committee on Taxation suggested and ordered printed.

Millicent M. MacFarland
MILLICENT M. MacFARLAND
Clerk

Presented by Representative CEBRA of Naples.
Cosponsored by Senator BARTLETT of Cumberland and
Representatives: ADAMS of Portland, BROWNE of Vassalboro, FLETCHER of Winslow,
LANSLEY of Sabattus, RINES of Wiscasset, ROBINSON of Raymond, THOMAS of Ripley,
Senator: COURTNEY of York.

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

2 **Sec. 1. 36 MRSA §5219-BB** is enacted to read:

3 **§5219-BB. Alternative fuel vehicle credit**

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

6 A. "Alternative fuel" means compressed natural gas; propane; ethanol or any mixture
7 of ethanol containing 85% or more ethanol by volume with gasoline or other fuels;
8 electricity; or any other fuels, including, but not limited to clean diesel and
9 reformulated gasoline, if these other fuels make comparable reductions in carbon
10 monoxide emissions and brown cloud pollutants as determined by the Department of
11 Environmental Protection.

12 B. "Alternative fuel vehicle" means a motor vehicle, as defined by section 1752,
13 subsection 7, that may be propelled by an alternative fuel.

14 C. "Traditional fuel" means a petroleum-based motor fuel commonly used in
15 vehicles on the highways of this State in the year 2000.

16 **2. Credit allowed.** A taxpayer is allowed a credit against the tax otherwise imposed
17 by this Part for each alternative fuel vehicle purchased or converted from traditional fuel
18 during the taxable year and that is titled and registered in the State.

19 **3. Credit base.** The amount of the credit is equal to a percentage, as specified in
20 subsection 4, of the following credit base:

21 A. The difference between the actual cost incurred by a taxpayer during the taxable
22 year in purchasing the alternative fuel vehicle and the cost of the same vehicle that
23 uses a traditional fuel or, if the same vehicle is not available, then the cost of the most
24 similar vehicle, taking into account the model, make, engine size and options, that
25 uses a traditional fuel;

26 B. The difference between the actual cost incurred by a taxpayer during the taxable
27 year in replacing an existing power source in a motor vehicle that uses a traditional
28 fuel with a power source that uses an alternative fuel and the cost of replacing the
29 existing power source in the motor vehicle with the same type of power source that
30 uses traditional fuel; or

31 C. The actual cost incurred by a taxpayer during the taxable year in converting the
32 motor vehicle to use an alternative fuel source.

33 **4. Credit percentage.** The percentage of credit base that may be claimed as a credit
34 is as set out in this subsection.

35 A. For low-emitting vehicles, as certified by the United States Environmental
36 Protection Agency, the credit percentage is:

37 (1) For tax years beginning in 2008 to 2010, 50%; and

38 (2) For tax years beginning in 2011 and 2012, 25%.

1 B. For ultra-low-emitting vehicles or inherently low-emitting vehicles, as certified by
2 the United States Environmental Protection Agency, the credit percentage is:

3 (1) For tax years beginning in 2008 to 2010, 75%; and

4 (2) For tax years beginning in 2011 and 2012, 50%.

5 C. For zero-emitting vehicles or near zero-emitting vehicles, as certified by the
6 United States Environmental Protection Agency, the credit percentage is:

7 (1) For tax years beginning in 2008 to 2010, 85%; and

8 (2) For tax years beginning in 2011 and 2012, 75%.

9 **5. Limitation; carry-over.** No more than one tax credit may be granted under this
10 section for any individual motor vehicle. The credit provided by this section may not
11 reduce the tax otherwise due under this Part to less than zero. Unused credit under this
12 section may be carried forward for the next 5 years.

13 **6. Repeal.** This section is repealed January 1, 2013.

14 **Sec. 2. 36 MRSA §5219-CC** is enacted to read:

15 **§5219-CC. Alternative fuel vehicle rebate**

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

18 **A. "Qualified entity" means:**

19 (1) The State, any county, municipality or other political subdivision of the State
20 and any agency of the State and of any political subdivision of the State; or

21 (2) A person that is exempt from federal taxation under the Code.

22 **2. Rebate authorized.** The assessor shall provide a rebate to a qualified entity in the
23 same amount as the credit that would be allowed under section 5219-BB if the qualified
24 entity were subject to taxation under this Part.

25 **3. Partial use.** If a motor vehicle is not used solely and exclusively for the business
26 or official activities of the qualified entity, the amount of the rebate must be prorated in
27 proportion to the percentage of time during the calendar year that the motor vehicle is
28 used for the business or official activities of the qualified entity.

29 **4. Application; payment.** An application for a rebate must be filed within 12
30 months of the end of the month in which the cost is incurred by the qualified entity. The
31 assessor shall grant rebates in the order in which applications are received. A rebate may
32 not be granted more than 24 months after the date the cost is incurred.

33 **5. Limitation.** The aggregate of all rebates granted to a qualified entity may not
34 exceed \$350,000 in any year.

35 **6. Repeal.** This section is repealed January 1, 2013.

1 **SUMMARY**

2 This bill provides an income tax credit for persons who purchase an alternative fuel
3 vehicle or convert a motor vehicle to use an alternative fuel that makes reductions in
4 carbon monoxide emissions and other pollutants as determined by the Department of
5 Environmental Protection. It also provides a similar rebate to governmental entities and
6 nonprofit entities that would qualify for a credit if they were subject to the income tax.