

# MAINE STATE LEGISLATURE

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# 124th MAINE LEGISLATURE

## FIRST REGULAR SESSION-2009

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Legislative Document

No. 589

H.P. 427

House of Representatives, February 17, 2009

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### **An Act To Encourage the Production of Liquid Biofuels**

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Reference to the Committee on Taxation suggested and ordered printed.

*Millicent M. MacFarland*  
MILLICENT M. MacFARLAND  
Clerk

Presented by Representative BUTTERFIELD of Bangor.

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

2 **Sec. 1. 36 MRSA §5219-X, sub-§2**, as enacted by PL 2003, c. 698, §1, is  
3 amended to read:

4 **2. Credit allowed.** A taxpayer engaged in the production of biofuels in the State  
5 who has received certification under subsection 4 is allowed a credit against the tax  
6 imposed by this Part on income derived during the taxable year from the production of  
7 biofuel in the amount of ~~5¢~~ 15¢ per gallon of liquid biofuel or gaseous biofuel with a  
8 BTU equivalent to that of one gallon of gasoline that replaces the use of petroleum or  
9 liquid fuels derived from other fossil carbon sources. In blends with petroleum or other  
10 nonbiofuels, the credit is allowed only on the portion of that blend that the biofuel  
11 constitutes. Biofuel for which the credit is allowed must meet state and federal regulatory  
12 requirements applicable to the nature and intended use of the fuel produced.

13 **Sec. 2. 36 MRSA §5219-DD** is enacted to read:

14 **§5219-DD. Biofuel production conversion credit**

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

17 A. "Wood mass-derived biofuel" means biofuel as defined under section 5219-X,  
18 subsection 1 that is derived from forest products.

19 B. "Wood mass production facility" means a facility that uses forest products in the  
20 process of production and manufacturing of other products.

21 **2. Credit allowed.** A taxpayer is allowed a credit equal to 25% of the capital costs  
22 of converting an existing wood mass production facility to a facility for the production of  
23 wood mass-derived biofuel that is certified by the Commissioner of Environmental  
24 Protection as eligible for the credit under section 5219-X.

25 **3. Limitations.** A person entitled to a credit under this section for any taxable year  
26 may carry over and apply the portion of any unused credits for any one or more of the  
27 next succeeding 4 taxable years. The credit allowed, including carry-overs, may not  
28 reduce the tax otherwise due under this Part to less than zero.

29 **Sec. 3. Application.** Those sections of this Act that amend the Maine Revised  
30 Statutes, Title 36, section 5219-X, subsection 2 and enact Title 36, section 5219-DD  
31 apply to tax years beginning on or after January 1, 2009.

32 **Sec. 4. Appropriations and allocations.** The following appropriations and  
33 allocations are made.

34 **ECONOMIC AND COMMUNITY DEVELOPMENT, DEPARTMENT OF**

35 **Office of Innovation**

36 Initiative: Provides funds to the Maine Technology Institute to fund research into cost-  
37 effective technology to convert forest resources to biofuels.

1			
2	<b>GENERAL FUND</b>	<b>2009-10</b>	<b>2010-11</b>
3	All Other	\$500,000	\$0
4			
5	<b>GENERAL FUND TOTAL</b>	<u>\$500,000</u>	<u>\$0</u>

6 **SUMMARY**

7 This bill increases the income tax credit for the production of biofuels from 5¢ per  
8 gallon to 15¢ per gallon, enacts an income tax credit equal to 25% of the capital costs of  
9 converting an existing wood mass production facility to a facility for the production of  
10 wood mass-derived biofuel and appropriates \$500,000 in fiscal year 2009-10 for the  
11 Maine Technology Institute to fund research into cost-effective technology to convert  
12 forest resources to biofuels.