STATE OF MAINE

ONE HUNDRED AND TWELFTH LEGISLATURE
FIRST REGULAR SESSION

JOINT STANDING COMMITTEE ON

STATE GOVERNMENT

BILL SUMMARY

JULY, 1985

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BILL SUMMARIES
JULY 1985

This document is a compilation of the bill summaries prepared by this office for the Joint Standing Committees of the Maine Legislature, covering the First Regular Session of the 112th Legislature. The summaries are arranged by LD number and indexed separately by committee.

LD: 391 AN ACT TO AUTHORIZE THE USE OF ENERGY SERVICE COMPANIES AND 3RD-PARTY FINANCING FOR CONSERVATION IMPROVEMENTS AT STATE FACILITIES

GWADOSKY
KANY
ANDREWS
MCGOWAN

OTP	HOUSE	Enacted	PUBLIC
	SENATE	Enacted	CH # 128
	GOV	SIGNED	

SUMMARY:

LD 391, which has been enacted allows any State department or agency to lease, with a later option to purchase, energy conservation improvements and equipment financed by an energy service company or 3rd party financing company. The Bureau of Public Improvements is required to approve any initial lease, subsequent lease, or purchase of energy conservation improvements or equipment. State Legislature approval of the state agency's capital investment occurs when the agency chooses to exercise its option to purchase the improvements/equipment (possibly 15-20 years later).

The purpose is to eliminate the capital investment required of the State and to reduce the cost of improvements/equipment below the level that the State would otherwise have to pay.

The bill would allow a "3rd party" such as a utility, insurance company, a technology company (General Electric, Westinghouse, etc.), or private individual investor to finance energy conservation improvements/equipment for a state agency and take advantage of federal tax credits and accelerated depreciation. A governmental agency cannot take advantage of tax credits. After a 15 or 20 year period, the improvements or equipment, which may have another 15 years of life, have no value as far as tax purposes are concerned. The State should theoretically be able to exercise its option and buy the improvements/equipment at a much reduced proportional rate compared to the cost it would have incurred as a result of an initial state purchase.