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## **An Act To Provide a Tax Credit for Heating and Cooling System Alternatives and Improvements That Benefit the Environment and Address Climate Change**

**Emergency preamble.** Whereas, acts and resolves of the Legislature do not become effective until 90 days after adjournment unless enacted as emergencies; and

**Whereas,** petroleum-based products are nonrenewable resources that will, over time, become more expensive; and

**Whereas,** utilization of petroleum-based fuels has made us more dependent on foreign sources and threatens our national security; and

**Whereas,** incentives are needed to facilitate the conversion of petroleum-based heating and cooling systems to alternative energy sources, which will be beneficial to our environment and help address climate change; and

**Whereas,** in the judgment of the Legislature, these facts create an emergency within the meaning of the Constitution of Maine and require the following legislation as immediately necessary for the preservation of the public peace, health and safety; now, therefore,

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

**Sec. 1. 35-A MRSA §10008, sub-§6, ¶M** is enacted to read:

M. Trust fund receipts may fund the income tax credits authorized in Title 36, section 5219-DD.

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

### **§ 5219-DD. Alternative Fuel and Energy Efficiency Credit**

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

A. "Alternative fuel" means a fuel used to generate heat that is derived from a renewable source, including wood pellets, biomass, geothermal, wind and tidal energy.

B. "Eligible costs" means necessary and reasonable costs for weatherization and efficiency upgrades, the purchase and installation of a heating or cooling system that uses alternative fuel, energy efficiency equipment components or a voltage regulation technology.

C. "Energy efficiency equipment component" means a part or component of an energy system designed for heating or cooling that has been demonstrated by the manufacturer to improve the efficiency of an energy system by at least 10% or that has been identified by the Maine State Housing Authority or Efficiency Maine as an effective method of improving energy efficiency.

D. "Voltage regulation technology" means a technology that is designed to reduce energy consumption, improve grid efficiency and raise or lower voltage dynamically and is 99% or more efficient across at least 90% of the load curve.

**2. Credit allowed.** A taxpayer is allowed a credit against the tax otherwise due under this Part for the eligible costs of weatherization and the purchase and installation of an alternative fuel system for heating or cooling, energy efficiency equipment components or voltage regulation technology. The credit may not exceed \$5,000.

**3. Limitation; carry-over.** This credit may be claimed for any tax year beginning in 2009 or 2010. The credit is nonrefundable. Any unused portion may be carried over for a maximum of 5 years.

**4. Notice; transfer.** By June 30th annually the State Tax Assessor shall notify the State Controller of the total value of credits granted under this section during the current fiscal year. The State Controller shall transfer that amount from the Energy and Carbon Savings Trust Fund established in Title 35-A, section 10008 to the General Fund.

**Emergency clause.** In view of the emergency cited in the preamble, this legislation takes effect when approved.

## SUMMARY

This bill provides an income tax credit of up to \$5,000 for the costs of an alternative fuel heating or cooling system, energy efficiency equipment components and voltage regulation technology. The credit may be claimed for installations in tax years beginning in 2009 or 2010 and may be carried over up to 5 years. The General Fund costs of the credit are reimbursed from the Energy and Carbon Savings Trust Fund.