

STATE OF MAINE

IN THE YEAR OF OUR LORD
TWO THOUSAND TWENTY

H.P. 1213 - L.D. 1698

**An Act To Create Jobs and Slow Climate Change by Promoting the
Production of Natural Resources Bioproducts**

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

Sec. 1. 36 MRSA §191, sub-§2, ¶LLL is enacted to read:

LLL. The disclosure of information to the Department of Economic and Community Development necessary for administration of the renewable chemicals tax credit pursuant to section 5219-XX.

Sec. 2. 36 MRSA §5219-X, sub-§5, as amended by PL 2015, c. 267, Pt. DD, §32, is further amended to read:

5. Application. This section applies to tax years beginning on or after January 1, 2004. Except for the credit allowed with respect to the carry-over of unused credit amounts pursuant to subsection 3, the tax credit allowed under this section does not apply to tax years beginning on or after January 1, 2016 and before January 1, 2021.

Sec. 3. 36 MRSA §5219-XX is enacted to read:

§5219-XX. Renewable chemicals tax credit

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

A. "Biobased content" means the total mass of organic carbon derived from renewable biomass, expressed as a percentage, determined by testing representative samples using the ASTM International D6866 standard test methods.

B. "Renewable biomass" has the same meaning as in 7 United States Code, Section 8101(13).

C. "Renewable chemical" means a substance, compound or mixture that:

(1) Is the product of, or reliant upon, biological conversion, thermal conversion or a combination of biological and thermal conversion of renewable biomass;

- (2) Is sold or used:
 - (a) For the production of chemical products, polymers, plastics or formulated products; or
 - (b) As a chemical, polymer, plastic or formulated product;
- (3) Is not less than 95% biobased content; and
- (4) Is not sold or used for production of any food, feed or fuel, except that "renewable chemical" may include:
 - (a) Cellulosic sugars used to produce aquaculture feed; and
 - (b) A food additive, supplement, vitamin, nutraceutical or pharmaceutical that does not provide caloric value and is not considered food or feed.

2. Credit allowed. A taxpayer engaged in the production of renewable chemicals in the State is allowed a credit against the tax imposed by this Part on income derived during the taxable year from the production of renewable chemicals in the amount of 8¢ per pound of renewable chemical as long as the taxpayer demonstrates to the Department of Economic and Community Development that at least 75% of the employees of the contractors hired or retained to harvest renewable biomass used in the production of the renewable chemicals meet the eligibility conditions specified in the Employment Security Law.

If the taxpayer does not contract directly with those hired or retained to harvest the renewable biomass, the taxpayer may obtain the necessary documentation under this subsection from the landowner or other entity that contracts directly.

3. Reporting. A taxpayer allowed a credit under subsection 2 shall report to the Department of Economic and Community Development, for each tax credit awarded, the dollar amount of the tax credit, the number of direct manufacturing jobs created, the number of related indirect jobs created and the dollar amount of capital investment in manufacturing. Indirect jobs include but are not limited to jobs in logging and support services.

4. Limitation. A person entitled to a tax credit under this section for any taxable year may carry over and apply the portion of any unused credits to the tax liability on income derived from the production of renewable chemicals for any one or more of the next succeeding 10 taxable years. The credit allowed, including carryovers, may not reduce the tax otherwise due under this Part to less than zero.

This section applies to tax years beginning on or after January 1, 2021.

Sec. 4. Report. By February 1, 2024, the Department of Economic and Community Development shall submit a report relating to the usage of the renewable chemicals tax credit under the Maine Revised Statutes, Title 36, section 5219-XX to the joint standing committees of the Legislature having jurisdiction over taxation and innovation, development, economic advancement and business matters. The report must include:

1. For each tax credit awarded:

- A. The dollar amount of the tax credit;
 - B. The number of direct manufacturing jobs created and the number of related indirect jobs created; and
 - C. The dollar amount of capital investment in manufacturing; and
2. The amount in pounds of renewable chemical produced for which the credit was claimed.