

**TESTIMONY OF
MICHAEL J. ALLEN, ASSOCIATE COMMISSIONER FOR TAX POLICY
DEPARTMENT OF ADMINISTRATIVE AND FINANCIAL SERVICES**

Before the Joint Standing Committee on Transportation
Hearing Date: *April 11, 2025, Friday at 10:00 A.M.*

LD 1242 – *“An Act to Incentivize the Construction of Solar Carport Canopies and Solar Chargers at Highway Picnic Areas”*

Senator Nangle, Representative Crafts, and members of the Transportation Committee – good morning, my name is Michael Allen, Associate Commissioner for Tax Policy in the Department of Administrative and Financial Services. I am testifying at the request of the Administration Against LD 1242, *“An Act to Incentivize the Construction of Solar Carport Canopies and Solar Chargers at Highway Picnic Areas.”*

The bill would allow a person that constructs or has constructed a solar carport canopy to amortize the sales and use tax on materials and equipment purchased to construct the solar carport canopy, and any electric vehicle charging station underneath, annually over a period of 10 years.

The proposal is inconsistent with the workings of the Maine sales and use tax in which the sales tax is imposed on the purchaser and collected by the retailer. It is unclear how the 10-year amortization would work within this framework and the bill does not provide the necessary direction. Further, the effective date of January 1, 2026, does not provide Maine Revenue Services with enough time to determine those details through rulemaking.

If the Legislature intends to subsidize the construction of solar carport canopies and solar chargers, then simpler alternative methods should be considered, for example the incentive programs run by Efficiency Maine.

Turning to technical concerns, the Administration notes that the bill should:

- Clearly identify the amortization method and how it fits within the current sales and/or use tax.
- Clarify the phrase “or constructed” and whether, or how, tax already remitted to MRS, either by a vendor or directly by the taxpayer, would be amortized.
- Clarify
- the thresholds for determining whether the equipment is used for an eligible purpose (for instance, a requirement that the equipment be used exclusively or primarily for the solar carport canopy construction).
- Clarify whether “materials” purchased to construct the solar carport canopy are limited to materials to be permanently incorporated into the site.

The Administration looks forward to working with the Committee on the bill; representatives from MRS will be here for the Work Session to provide additional information and respond in detail to the Committee’s questions.