Chapter 818: RENEWABLE CHEMICALS TAX CREDIT

SUMMARY: This rule addresses required information reporting by taxpayers and third-party testing of renewable chemicals for purposes of the renewable chemicals tax credit.

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.01 Definitions
A. As used in this rule, the terms “biobased content,” “cellulose nanomaterial,” “renewable biomass,” and “renewable chemical” have the same meanings as given those terms in 36 M.R.S. §5219-XX(1).

.02 Information reporting by taxpayer. A taxpayer claiming a renewable chemicals tax credit (the “credit”) for the tax year must provide with the return claiming the credit the following information in order to meet the requirements of 36 M.R.S. §5219-XX(5) and establish eligibility for the credit.

A. A written explanation of how the chemicals used to calculate the credit meet the definition of renewable chemical contained in 7 U.S.C. §8101(14).

B. Documentation establishing that the renewable chemical produced by the taxpayer in the State of Maine during the tax year is either (1) cellulose nanomaterial or (2) the product of, or reliant upon, biological conversion, thermal conversion, or both biological and thermal conversion.

C. Documentation establishing the type of renewable biomass used in the production of the renewable chemical produced by the taxpayer in the State of Maine during the tax year.

D. Documentation establishing the percentage of biobased content for each type of renewable chemical produced by the taxpayer in the State of Maine during the tax year. The percentage of biobased content must be determined via annual testing by a third-party contractor as described in section .03 of a representative sample of each type of renewable chemical produced by the taxpayer in the State of Maine during the tax year. The percentage determined in accordance with this subsection must be expressed as a decimal rounded to the hundredth decimal place (e.g., 45.67%).
E. Documentation establishing the weight of renewable chemical produced by the taxpayer in the State of Maine during the tax year. The weight must be expressed in terms of pounds produced for each type of renewable chemical.

F. A written description of the sale or use of the renewable chemical produced by the taxpayer in the State of Maine during the tax year.

G. Written notification/certification by the State of Maine Department of Economic and Community Development that the taxpayer meets the requirements of 36 M.R.S. §5219-XX(2).

H. The third-party contractor’s affidavit required by section .03.

I. Any other documentation or information the assessor may require.

.03 Affidavit of third-party testing

A. A taxpayer claiming the credit must obtain an affidavit from an independent third-party contractor, containing the following information:

1. A statement certifying the accuracy of the percentage of biobased content in each representative sample of renewable chemicals produced by the taxpayer in the State of Maine during the tax year provided in accordance with section .02, subsection D.

2. The date, method, and result of testing conducted by the third-party contractor.

3. The third-party contractor’s attestation that the contractor has performed the testing using the ASTM International D6866 standard test methods.

4. Attestations that the third-party contractor is not:

   a. A member of an “affiliated group,” as defined by 36 M.R.S. §5102(1-B), of which the taxpayer is a member; or

   b. A member, or a business of which a principal owner is a member, of the taxpayer’s immediate family. For purposes of this subparagraph, a member of the taxpayer’s immediate family consists of the taxpayer’s spouse, son, daughter, mother, father, brother, and sister.

.04 Application date. This rule applies to tax years beginning on or after January 1, 2021.

STATUTORY AUTHORITY:
36 M.R.S. §§ 112 & 5219-XX(5)

EFFECTIVE DATE:
March 7, 2022 – filing 2022-032