# OFFICE OF FISCAL AND PROGRAM REVIEW

Date:      February 7, 2012

To:        Members, Joint Standing Committee on Taxation

From:    Elizabeth Cooper, Legislative Analyst

**LD 1655, An Act To Create a Sales Tax Exemption for the Sale and Delivery of Off-peak Electricity for Electric Thermal Storage Devices**

**Summary:** Current law exempts the sale of certain forms of energy, including residential heating oil, but taxes electricity used to charge electric thermal storage space and water heaters. This bill provides a sales tax exemption for off-peak residential electricity used for water and space heating similar to exemptions provided for other forms of energy.

**Public Hearing:**

Proponents
- The sponsor explained in his testimony that the intent of the bill is to level the playing field by allowing an exemption for the energy that is used to "fuel" electronic thermal storage (ETS) units.
- Those testifying in favor of the bill included representatives of Thermal Energy Storage of Maine, Central Maine Power, Bangor-Hyrdo and the Governor's Office. Additional written testimony in support of the bill was provided by the Town of Houlton, Madison Electric Works, Houlton Water Company and Southern Aroostook Development Corporation.
- Proponents testified that bill will help diversify heating fuel sources, lower Maine's heating fuel costs and provide needed tax equity in this area. Information provided during testimony included an explanation of how ETS works and clarification that a separate meter and bill would be needed.

Opposed
    There was no testimony in opposition to LD 1655.

NFNA
- There was no testimony "neither for nor against" LD 1655.

**Additional Information:**
- See Maine Revenue Services memo. Should the Committee choose to move forward with this bill, the Committee needs to discuss the issue of exclusion of the first "750 kilowatt hours" raised in the memorandum and whether an amendment is needed.

**Fiscal Information:** The preliminary fiscal impact statement from OFPR was not available at the time this analysis was prepared.