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Chairman Chipman, Chairman Terry and Members of the Taxation Committee,

My name is Barry Hobbins and I am the Public Advocate with the Office of the Public Advocate and I am here today to testify in support of LD 506, “An Act To Reduce the Tax Burden on Low-income Electricity Customers,” which exempts from sales tax all electricity consumed by residential customers participating in either a low-income assistance program or arrearage management program approved by the Public Utilities Commission. This exemption maximizes the value of the benefit from the subsidies provided to participants in these programs.

I would like to thank Representative Berry for submitting this very important piece of legislation. Under the current law, residential electric bills are exempt from sales tax for the first 750 kWh. That is wonderful for the average household in Maine using 540 kWh/mo. However, we know that households participating in needs-based low-income assistance programs such as LIAP or ELP use almost double the average household and households enrolled in the Arrearage Management Program use even more than that. I believe this bill is necessary, especially after the past year, because the current law taxes those least able to pay. This exemption would be an enormous benefit for low-income residential customers in Maine. While I understand that this bill will cause a revenue loss to the general fund, I know that the benefits to low-income residential customers will outweigh the short-term financial burden.

The Office of the Public Advocate has commissioned two studies examining the energy burden faced by low-income Mainers, the “Maine Low-Income Household

Energy Efficiency Baseline Study”¹ and “Maine Low-Income Home Energy Burden Study.”² As we state in these studies, the State of Maine has addressed the energy usage disparity through various measures, but the disparity still exists. We need to continue to look at the energy burden in a holistic fashion and this bill is an important piece to that end. The links to these studies can be found at the end of my testimony and will provide valuable information as to why this bill is so important.

I will close by saying that there could be potential avenues to mitigate the loss of revenue to the general fund, including possible benefits from the recently passed American Rescue Plan. Ironically, I am attending a webinar hosted by the National Energy and Utility Coalition this afternoon where those options will be discussed.

Thank you for your time, attention and consideration of this testimony. The Office of the Public Advocate looks forward to working with the Committee on LD 506, and will be present at the work session to assist the Committee in its consideration of this bill.

Study links:

- 1: [Maine EE LI Baseline Study 1.pdf](#)
- 2: [Maine Low Income Energy Burden Study June 2019.pdf](#)

Respectfully submitted,



Barry J. Hobbins
Public Advocate