

MAINE STATE LEGISLATURE

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ONE HUNDRED AND EIGHTH LEGISLATURE

Legislative Document

No. 908

H. P. 785

House of Representatives, March 10, 1977

On motion of Mr. Carey of Waterville, referred to the Committee on Taxation. Sent up for concurrence and ordered printed.

EDWIN H. PERT, Clerk

Presented by Mrs. Tarr of Bridgton.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SEVENTY-SEVEN

AN ACT to Exempt Fuel Adjustment Charges from the Sales Tax.

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

36 MRSA § 1760, sub-§ 37 is enacted to read:

37. **Fuel adjustment charge.** Any fuel adjustment charge which is included in a charge for the sale or distribution of electricity by any public utility.

FISCAL NOTE

It is estimated that the passage of this bill will result in loss of revenue to the State of approximately \$1,000,000 per year.

STATEMENT OF FACT

The fuel adjustment charge is a charge forming part of a bill for electricity and reflects part of the cost to the utility of buying the fuel used to generate the electricity charged for by the bill. The State receives a tax on the fuel when it is bought by the electrical utility. A customer of an electrical utility pays the first tax on fuel as part of his electrical bill as taxes paid by the utility are reimbursed to the utility through the rates charged for electrical service. As the State taxes the entire amount of any electricity bill paid by a customer, the State also taxes that part of the bill which is the fuel adjustment charge. This bill would prevent a customer from paying a double tax on fuel oil used to generate electricity.