

MAINE STATE LEGISLATURE

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L.D. 3

Date: 1/4/23

(Filing No. S- 4)

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STATE OF MAINE
SENATE
131ST LEGISLATURE
FIRST REGULAR SESSION

SENATE AMENDMENT "D" to H.P. 5, L.D. 3, "An Act to Establish the Winter Energy Relief Payment Program to Aid Residents with High Heating Costs and to Finalize the COVID Pandemic Relief Payment Program"

Amend the bill by striking out the title and substituting the following:

'An Act to Establish the Winter Energy Relief Fuel Voucher Program to Aid Residents with High Heating Costs and to Finalize the COVID Pandemic Relief Payment Program'

Amend the bill in Part A in section 3 in the 3rd line (page 2, line 11 in L.D.) by striking out the following: "\$21,000,000" and inserting the following: '\$12,600,000'

Amend the bill in Part A in section 3 in the 8th line (page 2, line 16 in L.D.) by striking out the following: "April 30" and inserting the following: 'February 28'

Amend the bill in Part A by striking out all of section 4 and inserting the following:

'Sec. A-4. Appropriations and allocations. The following appropriations and allocations are made.

HOUSING AUTHORITY, MAINE STATE

Emergency Housing Relief Fund Program Z340

Initiative: Provides one-time funding to support emergency housing and emergency shelters to prevent people from experiencing homelessness this winter.

OTHER SPECIAL REVENUE FUNDS	2022-23	2023-24	2024-25
All Other	\$12,600,000	\$0	\$0
OTHER SPECIAL REVENUE FUNDS TOTAL	\$12,600,000	\$0	\$0

Housing Authority - State 0442

Initiative: Provides one-time funding to supplement the federal Low Income Home Energy Assistance Program to help home energy assistance program recipients receive a financial benefit similar to last year given high fuel prices.

SENATE AMENDMENT

ROS

SENATE AMENDMENT "D" to H.P. 5, L.D. 3 (S-4)

	2022-23	2023-24	2024-25
OTHER SPECIAL REVENUE FUNDS			
All Other	\$40,000,000	\$0	\$0
OTHER SPECIAL REVENUE FUNDS TOTAL	<u>\$40,000,000</u>	<u>\$0</u>	<u>\$0</u>

Housing Authority - State 0442

Initiative: Provides one-time funding for heating assistance for households ineligible for home energy assistance program benefits or home energy assistance program households that have already exhausted their fuel assistance benefit and Energy Crisis Intervention Program amount. Funds will be distributed to community action agencies. Households may be eligible for up to \$800 in emergency funds to avert an energy crisis.

	2022-23	2023-24	2024-25
OTHER SPECIAL REVENUE FUNDS			
All Other	\$10,000,000	\$0	\$0
OTHER SPECIAL REVENUE FUNDS TOTAL	<u>\$10,000,000</u>	<u>\$0</u>	<u>\$0</u>

HOUSING AUTHORITY, MAINE STATE DEPARTMENT TOTALS			
	2022-23	2023-24	2024-25
OTHER SPECIAL REVENUE FUNDS			
OTHER SPECIAL REVENUE FUNDS	\$62,600,000	\$0	\$0
DEPARTMENT TOTAL - ALL FUNDS	<u>\$62,600,000</u>	<u>\$0</u>	<u>\$0</u>

Amend the bill by striking out all of Part B and inserting the following:

PART B

Sec. B-1. Winter Energy Relief Fuel Voucher Program Fund Other Special Revenue Funds account established. The State Controller shall establish within the Department of Administrative and Financial Services the nonlapsing Winter Energy Relief Fuel Voucher Program Fund Other Special Revenue Funds account, which is funded through a transfer from the available balance of the unappropriated surplus of the General Fund pursuant to section 2.

Sec. B-2. Transfer from General Fund unappropriated surplus; Winter Energy Relief Fuel Voucher Program Fund. Notwithstanding any provision of law to the contrary, on or before December 31, 2022, the State Controller shall transfer \$398,000,000 from the unappropriated surplus of the General Fund to the Department of Administrative and Financial Services, Winter Energy Relief Fuel Voucher Program Fund Other Special Revenue Funds account for the purpose of providing payments to help

SENATE AMENDMENT

ROS

1 eligible recipients of the State pay for high winter energy costs and recover from the
2 economic effects of the pandemic related to coronavirus disease 2019, referred to in this
3 Part as "the COVID-19 pandemic." At the close of fiscal year 2023-24, amounts remaining
4 in the Winter Energy Relief Fuel Voucher Program Fund Other Special Revenue Funds
5 account must be transferred to the unappropriated surplus of the General Fund.

6 **Sec. B-3. Winter Energy Relief Fuel Voucher Program established.** Because
7 the State has determined that residents of the State face high winter energy costs and the
8 effects of the ongoing COVID-19 pandemic and this warrants assistance from the State,
9 the Winter Energy Relief Fuel Voucher Program is established within the Department of
10 Administrative and Financial Services to promote the general welfare by providing a fuel
11 voucher to eligible Maine recipients to offset some of the expenses that have been incurred,
12 and will be incurred in the winter months of 2022-2023, by those recipients as a result of
13 high winter energy costs and the COVID-19 pandemic, including, without limitation,
14 personal, family and living expenses.

15 **1. Definitions.** As used in this section, unless the context otherwise indicates, the
16 following terms have the following meanings.

- 17 A. "Assessor" means the State Tax Assessor.
- 18 B. "Eligible recipient" means an individual who:
 - 19 (1) Filed, by October 31, 2022, a Maine income tax return as a full-year resident
 - 20 of the State for the tax year;
 - 21 (2) Had, and reported to the Department of Administrative and Financial Services,
 - 22 Maine Revenue Services by October 31, 2022 on an income tax return, federal
 - 23 adjusted gross income for the tax year of less than:
 - 24 (a) For individuals filing married joint returns or surviving spouses permitted
 - 25 to file a joint return, \$100,000;
 - 26 (b) For an individual filing as a head of household, \$75,000;
 - 27 (c) For a single individual, \$50,000; or
 - 28 (d) For a married individual filing a separate return, \$50,000; and
 - 29 (3) May not be claimed as a dependent on another taxpayer's return for the tax year.
- 30 C. "Fuel voucher" means a fuel voucher in the amount of \$450.
- 31 D. "Fund" means the Winter Energy Relief Fuel Voucher Program Fund Other Special
- 32 Revenue Funds account established by the State Controller pursuant to section 1.
- 33 E. "Tax year" means a tax year beginning on or after January 1, 2021 but not later than
- 34 December 31, 2021.

35 Any other terms used in this section have the same meanings as when used in a comparable
36 context in the Maine Revised Statutes, Title 36, Part 8 relating to Maine income taxes,
37 unless different meanings are clearly required.

38 **2. Winter energy relief fuel voucher payment.** The assessor shall provide fuel
39 vouchers in accordance with this subsection.

- 40 A. The assessor shall identify each eligible recipient.
- 41 B. Beginning as soon as administratively feasible but not later than March 15, 2023,
- 42 the assessor shall provide a fuel voucher to each eligible recipient. Funds for the fuel

SENATE AMENDMENT

ROS

1 vouchers must come from the fund and, notwithstanding any law to the contrary, are
2 not subject to setoff to debts owed to agencies of the State.

3 C. An individual who has not received a fuel voucher under paragraph B may provide
4 documentation to the assessor by June 30, 2023 showing that the individual is an
5 eligible recipient. The assessor shall review the documentation, determine if the
6 individual is an eligible recipient and notify the individual of any adverse
7 determination. This determination is final agency action not reviewable pursuant to the
8 Maine Revised Statutes, Title 36, section 151.

9 D. By September 30, 2023, the assessor shall provide a fuel voucher to each individual
10 determined eligible pursuant to paragraph C. Funds for the fuel vouchers must come
11 from the fund and, notwithstanding any law to the contrary, are not subject to setoff to
12 debts owed to agencies of the State.

13 **Sec. B-4. State income tax subtraction modification.** For tax years beginning
14 on or after January 1, 2023 but not later than December 31, 2023, in determining the taxable
15 income of an individual, within the meaning of the Maine Revised Statutes, Title 36,
16 section 5122, federal adjusted gross income must be reduced by an amount equal to the
17 fuel voucher received by the taxpayer pursuant to this Part, to the extent the voucher is
18 included in federal adjusted gross income for the taxable year.

19 **Sec. B-5. Designation as unclaimed property.** For purposes of the Winter
20 Energy Relief Fuel Voucher Program, fuel vouchers that remain undeposited on March 31,
21 2024 are to be treated as unclaimed property, not subject to the notice and receipt provisions
22 established in the Maine Revised Statutes, Title 33, section 2101 and the one-year
23 dormancy period specified in Title 33, section 2061, as applied to such vouchers. The
24 Treasurer of State shall use unclaimed property systems and networks to find the proper
25 recipients of such vouchers as quickly as possible.

26 **Sec. B-6. Transfer between Winter Energy Relief Fuel Voucher Program**
27 **Fund Other Special Revenue Funds account and COVID Pandemic Relief**
28 **Payment Program Fund Other Special Revenue Funds account.** Notwithstanding
29 any provision of law to the contrary, on or before June 30, 2024, the State Controller may
30 transfer the available balance within the Department of Administrative and Financial
31 Services, COVID Pandemic Relief Payment Program Fund Other Special Revenue Funds
32 account to the Department of Administrative and Financial Services, Winter Energy Relief
33 Fuel Voucher Program Fund Other Special Revenue Funds account. Amounts transferred
34 may be expended based on allotment established by financial order recommended by the
35 State Budget Officer and approved by the Governor.

36 **Sec. B-7. Appropriations and allocations.** The following appropriations and
37 allocations are made.

38 **ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF**
39 **Winter Energy Relief Fuel Voucher Program N962**

40 Initiative: Provides one-time funding for a disaster relief program that will provide a \$450
41 fuel voucher to each eligible recipient. The costs of administration, programming, mailing,
42 public outreach and taxpayer assistance must also come from this fund.

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SENATE AMENDMENT "D" to H.P. 5, L.D. 3 (3-4)

	2022-23	2023-24	2024-25
1 OTHER SPECIAL REVENUE			
2 FUNDS			
3 All Other	\$398,000,000	\$500	\$0
4			
5 OTHER SPECIAL REVENUE FUNDS	\$398,000,000	\$500	\$0
6 TOTAL			

8 Amend the bill in Part C by striking out all of section 4 and inserting the following:

9 **'Sec. C-4. Transfer between COVID Pandemic Relief Payment Program**
10 **Fund Other Special Revenue Funds account and Winter Energy Relief Fuel**
11 **Voucher Program Fund Other Special Revenue Funds account.**
12 Notwithstanding any provision of law to the contrary, on or before June 30, 2024, the State
13 Controller may transfer the available balance within the Department of Administrative and
14 Financial Services, Winter Energy Relief Fuel Voucher Program Fund Other Special
15 Revenue Funds account to the Department of Administrative and Financial Services,
16 COVID Pandemic Relief Payment Program Fund Other Special Revenue Funds account.
17 Amounts transferred may be expended based on allotment established by financial order
18 recommended by the State Budget Officer and approved by the Governor.'

19 Amend the bill by striking out all of Part E and inserting the following:

20 **'PART E**

21 **Sec. E-1. Temporary emergency variance.** The Commissioner of
22 Environmental Protection, without hearing, may suspend any of the sulfur content
23 requirements of the Maine Revised Statutes, Title 38, section 603-A, subsection 2 if the
24 commissioner finds that the expected availability of fuel that complies with those
25 requirements is inadequate to meet the needs of residential, commercial or industrial users
26 in this State and that such expected unavailability constitutes an immediate threat to public
27 health, safety or the general welfare. The commissioner shall specify in writing the period
28 during which the suspension is in effect. A suspension imposed pursuant to this section
29 must terminate no later than May 1, 2024.'

30 Amend the bill by inserting after Part F the following:

31 **'PART G**

32 **Sec. G-1. 10 MRSA c. 110, sub-c. 15** is enacted to read:

33 **SUBCHAPTER 15**

34 **HOME ENERGY SAVINGS ACCOUNT PROGRAM**

35 **§1100-HH. Home Energy Savings Account Program**

36 **1. Program established.** There is established within the authority the Home Energy
37 Savings Account Program, referred to in this subchapter as "the program," to provide for
38 the deposit of tax-free funds to be used for home weatherization and heating or electricity
39 costs.

SENATE AMENDMENT

ROS

1 2. Requirements. The authority shall develop and administer the program. The
2 program must allow individuals to establish and deposit funds into home energy savings
3 accounts, referred to in this subchapter as "the accounts," established in financial
4 institutions in this State, including credit unions, authorized by the authority.

5 3. Deposit amounts; lapse. Deposits into the accounts are limited as follows:

6 A. An individual may deposit up to \$2,500 per year; and

7 B. A married couple may deposit up to \$5,000 per year.

8 Any balances in an account do not lapse but carry forward each year.

9 4. Authorized use of funds. An individual may use funds in that individual's account
10 only for weatherization of that individual's residence or for payment of fuel or electricity
11 costs incurred for heating that individual's residence. The residence must be located in this
12 State.

13 5. Tax exemption only for funds used for authorized use. Funds deposited into an
14 account are not subject to Maine income tax. Funds that are withdrawn from an account
15 that are not used for the purposes specified in subsection 4 are subject to Maine income
16 tax.

17 6. Rulemaking. The authority shall adopt routine technical rules pursuant to Title 5,
18 chapter 375, subchapter 2-A to implement this subchapter.

19 **Sec. G-2. 36 MRSA §5122, sub-§2, ¶AAA** is enacted to read:

20 AAA. For taxable years beginning on or after January 1, 2023, any amount up to
21 \$2,500 for a single individual and \$5,000 for individuals filing married joint returns
22 deposited annually in a home energy savings account established pursuant to Title 10,
23 chapter 110, subchapter 15, to the extent included in federal adjusted gross income.
24 The subtraction modification specified in this paragraph does not apply if funds in the
25 account are withdrawn and used for a purpose other than those specified in Title 10,
26 section 1100-HH, subsection 4.

27 **Sec. G-3. Appropriations and allocations.** The following appropriations and
28 allocations are made.

29 **ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF**
30 **Revenue Services, Bureau of 0002**

31 Initiative: Provides one-time funding for computer programming costs to update individual
32 income tax forms.

33	GENERAL FUND	2022-23	2023-24	2024-25
34	All Other	\$35,000	\$0	\$0
35				
36	GENERAL FUND TOTAL	<u>\$35,000</u>	<u>\$0</u>	<u>\$0</u>

37

38 Amend the bill by relettering or renumbering any nonconsecutive Part letter or section
39 number to read consecutively.

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SUMMARY

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This amendment makes the following changes to the bill.

1. It reduces the time frame for the Maine State Housing Authority to prioritize funding to address emergency housing needs to 3 months instead of 5 months as in the bill and reduces the amount transferred from the unappropriated surplus of the General Fund for that purpose.

2. It replaces the Winter Energy Relief Payment Program with the Winter Energy Relief Fuel Voucher Program. The new program provides for a \$450 payment per eligible individual. An eligible individual is a person who, for the tax year beginning January 1, 2021, filed a Maine income tax return as a full-year resident for that tax year and has federal adjusted gross income of no more than \$50,000 if filing single, \$75,000 if filing as head of household or \$100,000 if married filing jointly.

3. It limits the provision in the bill that allows the Commissioner of Environmental Protection to suspend the sulfur content requirements for liquid and solid fossil fuels if the commissioner finds that the expected availability of fuel that complies with those requirements is inadequate to meet the needs of residential, commercial or industrial users in this State and that such expected unavailability constitutes an immediate threat to public health, safety or the general welfare. The suspension expires no later than May 1, 2024.

4. It establishes the Home Energy Savings Account Program to allow individuals and married couples to open a home energy savings account into which annual deposits of up to \$2,500 for an individual and \$5,000 for a married couple may be made. The amount deposited is exempt from Maine income tax but may be used only for the weatherization of the account holder's residence or the payment of fuel or electricity costs incurred for heating the account holder's residence; funds withdrawn and used for any other purpose are subject to Maine income tax. The residence must be located in Maine. Balances in the accounts do not lapse but are carried forward each year. The Home Energy Savings Account Program is administered by the Finance Authority of Maine.

SPONSORED BY: Eric J. Brakey
(Senator BRAKEY, E.)

COUNTY: Androscoggin

FISCAL NOTE REQUIRED
(See attached)



131st MAINE LEGISLATURE

LD 3

LR 601(06)

An Act to Establish the Winter Energy Relief Payment Program to Aid Residents with High Heating Costs and to Finalize the COVID Pandemic Relief Payment Program

Fiscal Note for Senate Amendment 'D' to Original Bill (S-4)

Sponsor: Sen. Brakey of Androscoggin

Fiscal Note Required: Yes

Fiscal Note

	FY 2022-23	FY 2023-24	FY 2024-25	Projections FY 2025-26	Projections FY 2026-27
Net Cost (Savings)					
General Fund	(\$8,365,000)	\$42,750	\$293,550	\$350,550	\$407,550
Appropriations/Allocations					
General Fund	\$35,000	\$0	\$0	\$0	\$0
Other Special Revenue Funds	(\$8,400,000)	\$0	\$0	\$0	\$0
Revenue					
General Fund	\$0	(\$42,750)	(\$293,550)	(\$350,550)	(\$407,550)
Other Special Revenue Funds	\$0	(\$2,250)	(\$15,450)	(\$18,450)	(\$21,450)
Transfers					
General Fund	\$8,400,000	\$0	\$0	\$0	\$0
Other Special Revenue Funds	(\$8,400,000)	\$0	\$0	\$0	\$0

Fiscal Detail and Notes

The amounts above reflect the incremental change from the original bill.

This amendment shortens the timeframe that funds are available for emergency housing needs from 5 months to 3 months and reduces the transfer from the General Fund unappropriated surplus to the Emergency Housing Relief Fund Program within the Maine State Housing Authority by \$8,400,000 from \$21,000,000 to \$12,600,000. The allocation is also reduced by \$8,400,000.

The amendment changes the distribution of heating assistance from checks to fuel vouchers and changes the name of the program to the Winter Energy Relief Fuel Voucher Program. The amount of allocation and the transfer from the General Fund remain at \$398,000,000. The amendment lowers the income eligibility limits for individuals to qualify for assistance. The cost of the vouchers is anticipated to be approximately \$288,488,200. The costs to design and implement a voucher system, including internal controls and verification, are expected to be significant and implementation by Maine Revenue Services in a short period of time may be difficult. As in the original bill, any balance remaining at the end of fiscal year 2023-24 will be transferred to the unappropriated surplus of the General Fund.

The amendment also creates an income tax deduction of up to \$2,500 per individual, or \$5,000 per married couple, for contributions made into Home Energy Savings Accounts. It is estimated that this may result in revenue reductions of \$42,750 in fiscal year 2023-24 to the General Fund and \$2,250 to the Local Government Fund and reductions of \$293,550 in fiscal year 2024-25 to the General Fund and \$15,450 to the Local Government Fund. A General Fund appropriation to the Department of Administrative and Financial Services of \$35,000 is included in fiscal year 2022-23 for computer programming costs to update individual income tax forms.

The Finance Authority of Maine (FAME) anticipates that it will incur significant ongoing costs, including personnel, programming, marketing and rulemaking costs, to establish and administer the Home Energy Savings Account Program beginning in fiscal year 2022-23. Additionally, given the amount of time required to conduct rulemaking, hire and train personnel, engage financial institutions and implement an interface system with participating financial institutions, the ability of FAME to implement the program to be available during the 2022-2023 heating season is unlikely.