

# MAINE STATE LEGISLATURE

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# 131st MAINE LEGISLATURE

## FIRST SPECIAL SESSION-2023

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Legislative Document

No. 1873

S.P. 757

In Senate, May 2, 2023

### **An Act to Provide Heating Relief with Tax-free Home Energy Savings Accounts**

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Reference to the Committee on Taxation suggested and ordered printed.

A handwritten signature in black ink, appearing to read 'D M Grant'.

DAREK M. GRANT  
Secretary of the Senate

Presented by Senator BRAKEY of Androscoggin.  
Cosponsored by Representative LIBBY of Auburn and  
Senators: BENNETT of Oxford, HARRINGTON of York, LIBBY of Cumberland, MOORE of  
Washington, STEWART of Aroostook, Representatives: BAGSHAW of Windham, MORRIS  
of Turner, SWALLOW of Houlton.

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

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

3 **SUBCHAPTER 15**

4 **HOME ENERGY SAVINGS ACCOUNT PROGRAM**

5 **§1100-HH. Home Energy Savings Account Program**

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

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

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

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

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

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

18 **4. Authorized use of funds.** An individual may use funds in that individual's account  
19 only for weatherization of that individual's residence or for payment of fuel or electricity  
20 costs incurred for heating that individual's residence. The residence must be located in this  
21 State.

22 **5. Tax exemption only for funds used for authorized use.** Funds deposited into an  
23 account are not subject to Maine income tax. Funds that are withdrawn from an account  
24 that are not used for the purposes specified in subsection 4 are subject to Maine income  
25 tax.

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

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

29 AAA. For taxable years beginning on or after January 1, 2023, any amount up to  
30 \$2,500 for a single individual and \$5,000 for individuals filing married joint returns  
31 deposited annually in a home energy savings account established pursuant to Title 10,  
32 chapter 110, subchapter 15, to the extent included in federal adjusted gross income.  
33 The subtraction modification specified in this paragraph does not apply if funds in the  
34 account are withdrawn and used for a purpose other than those specified in Title 10,  
35 section 1100-HH, subsection 4.

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**SUMMARY**

This bill 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.