

MAINE STATE LEGISLATURE

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132nd MAINE LEGISLATURE

SECOND REGULAR SESSION-2026

Legislative Document

No. 2078

H.P. 1393

House of Representatives, January 7, 2026

An Act to Establish the Electricity Cost Fairness Refundable Tax Credit

Approved for introduction by a majority of the Legislative Council pursuant to Joint Rule 203.

Reference to the Committee on Taxation suggested and ordered printed.

R. B. Hunt
ROBERT B. HUNT
Clerk

Presented by Representative WEBB of Durham.

Cosponsored by Senator TIPPING of Penobscot and

Representatives: CLUCHEY of Bowdoinham, EATON of Deer Isle, FARRIN of Jefferson, FROST of Belgrade, TERRY of Gorham, Senator: BICKFORD of Androscoggin.

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

2 **Sec. 1. 36 MRSA §5213-B** is enacted to read:

3 **§5213-B. Electricity cost fairness credit**

4 For tax years beginning on or after January 1, 2026, individuals are allowed a credit as
5 computed under this section against the taxes imposed under this Part.

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

8 A. "Base credit" means:

9 (1) For single individuals, \$335; and

10 (2) For individuals filing joint returns or as heads of households, \$550 plus an
11 additional amount equal to:

12 (a) For individuals filing joint returns, \$25 if they can claim the federal child
13 tax credit pursuant to the Code, Section 24 for no more than one qualifying
14 child or dependent or \$50 if they can claim the credit for more than one
15 qualifying child or dependent; or

16 (b) For individuals filing as heads of households, \$25 if they can claim the
17 federal child tax credit pursuant to the Code, Section 24 for 2 qualifying
18 children or dependents or \$50 if they can claim the credit for more than 2
19 qualifying children or dependents.

20 B. "Income" means federal adjusted gross income increased by the following amounts:

21 (1) Trade or business losses; capital losses; any net loss resulting from combining
22 the income or loss from rental real estate and royalties, the income or loss from
23 partnerships and S corporations, the income or loss from estates and trusts, the
24 income or loss from real estate mortgage investment conduits and the net farm
25 rental income or loss; any loss associated with the sale of business property; and
26 farm losses included in federal adjusted gross income;

27 (2) Interest received to the extent not included in federal adjusted gross income;

28 (3) Payments received under the federal Social Security Act and railroad
29 retirement benefits to the extent not included in federal adjusted gross income; and

30 (4) The following amounts deducted in arriving at federal adjusted gross income:

31 (a) Educator expenses pursuant to the Code, Section 62(a)(2)(D);

32 (b) Certain business expenses of performing artists pursuant to the Code,
33 Section 62(a)(2)(B);

34 (c) Certain business expenses of government officials pursuant to the Code,
35 Section 62(a)(2)(C);

36 (d) Certain business expenses of reservists pursuant to the Code, Section
37 62(a)(2)(E);

38 (e) Health savings account deductions pursuant to the Code, Section 62(a)(16)
39 and Section 62(a)(19);

2. Credit for resident taxpayer. A resident individual is allowed a credit equal to the applicable base credit amount, subject to the phase-out provisions under subsection 4.

3. Credit for part-year resident taxpayer. A taxpayer who files a return as a part-year resident in accordance with section 5224-A is allowed a credit equal to the applicable base credit amount, subject to the phase-out provisions under subsection 4, multiplied by a ratio, the numerator of which is the individual's income as modified by section 5122 for that portion of the taxable year during which the individual was a resident plus the individual's income from sources within this State, as determined under section 5142, for that portion of the taxable year during which the individual was a nonresident and the denominator of which is the individual's entire income, as modified by section 5122.

4. Phase-out of credit. The credit allowed under this section is phased out as follows.

A. For single individuals, the credit is reduced by \$27 for every \$500 or portion thereof that exceeds \$20,000 of the income.

B. For unmarried individuals or legally separated individuals who qualify as heads of households, the credit is reduced by \$40 for every \$750 or portion thereof that exceeds \$30,000 of the income.

C. For individuals filing married joint returns or surviving spouses permitted to file joint returns, the credit is reduced by \$53 for every \$1,000 or portion thereof that exceeds \$40,000 of the income.

5. Refundability of credit. The tax credit allowed under this section is refundable.

6. Limitations. The following individuals do not qualify for the credit under this section:

A. Married taxpayers filing separate returns;

B. Individuals who do not qualify as resident individuals because they do not meet the requirements of section 5102, subsection 5, paragraph A; or

C. Individuals who may be claimed as a dependent on another taxpayer's return.

Sec. 2. 36 MRSA §5403, sub-§6-A is enacted to read:

6-A. Electricity cost fairness credit. For the electricity cost fairness credit:

A. Beginning in 2027 and each year thereafter, by the base credit amounts in section 5213-B, subsection 1, paragraph A, including the additional amounts in section 5213-B, subsection 1, paragraph A, subparagraph (2), divisions (a) and (b), except that for the purposes of this paragraph, notwithstanding section 5402, subsection 1-B, the "cost-of-living adjustment" is the Chained Consumer Price Index for the 12-month period ending June 30th of the preceding calendar year divided by the Chained Consumer Price Index for the 12-month period ending June 30, 2026. If the base credit amount, adjusted by application of the cost-of-living adjustment, is not a multiple of \$5, any increase must be rounded to the next lowest multiple of \$5; and

B. Beginning in 2027 and each year thereafter, by the dollar amount of the income thresholds set forth in section 5213-B, subsection 4, except that for the purposes of this paragraph, notwithstanding section 5402, subsection 1-B, the "cost-of-living adjustment" is the Chained Consumer Price Index for the 12-month period ending June 30th of the preceding calendar year divided by the Chained Consumer Price Index for the 12-month period ending June 30, 2026;

SUMMARY

This bill establishes the electricity cost fairness credit to provide a credit of up to \$600 against income taxes imposed on residents and part-year residents. The credit, based on the sales tax fairness credit, is refundable, is phased out based on income and is indexed to inflation.