

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.

A handwritten signature in black ink, reading "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);

- 1 (f) Moving expenses pursuant to the Code, Section 62(a)(15);
2 (g) The deductible part of self-employment tax pursuant to the Code, Section
3 164(f);
4 (h) The deduction for self-employed SEP, SIMPLE and qualified plans
5 pursuant to the Code, Section 62(a)(6);
6 (i) The self-employed health insurance deduction pursuant to the Code,
7 Section 162(l);
8 (j) The penalty for early withdrawal of savings pursuant to the Code, Section
9 62(a)(9);
10 (k) The IRA deduction pursuant to the Code, Section 62(a)(7); and
11 (l) The student loan interest deduction pursuant to the Code, Section 62(a)(17).

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

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

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

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

25 B. For unmarried individuals or legally separated individuals who qualify as heads of
26 households, the credit is reduced by \$40 for every \$750 or portion thereof that exceeds
27 \$30,000 of the income.

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

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

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

34 A. Married taxpayers filing separate returns;

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

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

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

39 **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.