

The Maine Heritage Policy Center

Testimony to Oppose LD 1231

“An Act To Fund Energy Efficiency Programs through a Fee on the Sale of Unregulated Heating Fuels”

Senator Lawrence, Representative Berry and distinguished members of the Committee on Energy, Utilities and Technology, my name is Adam Crepeau and I serve as a policy analyst at The Maine Heritage Policy Center. Thank you for the opportunity to testify in opposition to LD 1231.

While we can all likely agree that becoming more energy efficient as a society is an important goal, the imposition of taxes and fees on Mainers is not the solution. LD 1231 would impose a fee of one percent on the wholesale sale price of heating oil, propane, coal, kerosene and dyed diesel fuel that is intended for residential or commercial heating purposes. This fee would undoubtedly harm Mainers because heating fuels would become more expensive.

Maine ranks fifth for consuming the most residential heating oil in the country.¹ While lawmakers may interpret this as a larger revenue stream for the Heating Fuels Efficiency and Weatherization Fund, it is important to remember that paying for these fuels is often necessary to survive Maine’s cold winters. Making basic necessities, such as heating oil, more expensive does little to help Mainers.

Moreover, an additional fee would disproportionately burden Maine’s vulnerable poor and elderly populations. This is partly because these groups spend a larger portion of their incomes on basic necessities, like transportation and utilities, that would grow more expensive under this proposal. In addition, low-income and older households also tend to rely more on oil or natural gas burning home heating systems. A study from Stanford University found that households in the lowest income group pay, as a percent of income, more than twice as much as households in the highest 10 percent of the income distribution pay.²

Lastly, Mainers are already saddled with some of the highest taxes in the country. After all, the state ranks third for the highest tax burden in the nation when taking into account sales and

¹ https://www.eia.gov/energyexplained/index.php?page=heating_oil_use

² <https://news.stanford.edu/news/2014/february/kolstad-carbon-tax-022814.html>

excise taxes, individual income taxes, and property taxes.³ This ranking makes Maine unattractive when compared to New Hampshire, which ranks 46th on that same list.⁴

For those reasons, The Maine Heritage Policy Center urges the committee to vote, “Ought Not to Pass” on establishing a new tax on the sale of unregulated heating fuels.

³ <https://wallethub.com/edu/states-with-highest-lowest-tax-burden/20494/>

⁴ Ibid.