



May 18, 2023

**Testimony to the 131st Maine Legislature
Committee on Taxation**

Good afternoon, Senator Grohoski, Representative Perry, honorable members of the Committee – my name is Josh Steirman and I am Director of Government Relations for the Maine Bankers Association. We are the state-wide trade association representing Maine’s banks and our membership includes twenty-nine banks active across the state of Maine. The association advocates for Maine’s banks and their critical role in a vibrant, stable, and inclusive economy. Our banks employ over 9,000 Mainers, provide safe and secure deposit services for our communities, and are a critical source of financing for home-ownership and small businesses. Last year, our banks provided over \$4.7 billion in business loans, and another \$4.6 billion in residential real estate loans.

We are testifying today in support of L.D. 1873, *An Act to Provide Heating Relief with Tax-free Home Energy Savings Accounts*. This is an innovative concept which offers a practical solution to the very real challenge of rising home heating costs. Building on a framework similar to Health Savings Accounts (HSA’s), the tax-free deposit accounts proposed in the bill offer consumers much needed choice, flexibility, and savings.

Since their creation in 2003, HSA’s have grown dramatically and are widely used by millions of Americans to pay for eligible medical expenses. The concept is proven and continues to grow in popularity. When applied to the essential challenge of home heating, the proposed Home Energy Savings Accounts could provide similar savings for consumers across our state.

Notably, the aims of this program could be accomplished with minimal government infrastructure. HSA’s are offered by many banks, and apart from tax treatment, they function very similarly to a standard deposit account. Similarly, Home Energy Savings Accounts could also be offered by existing local banks and credit unions. This program need not be overseen by a government agency: with enabling legislation as a legal framework, these accounts might be administered by financial institutions who already have deep consumer relationships and decades of experience offering similar products.

In conclusion, if this program is enacted, we encourage cooperation with financial institutions to write administrative details of the program, to take advantage of our existing expertise with similar products.

We thank the Committee for its consideration and are happy to answer any questions.

Respectfully Submitted,

Joshua Steirman
Director of Government Relations