



**Testimony by William Norbert
Governmental Affairs and Communications Manager**

Neither For Nor Against L.D. 1873

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

May 18, 2023

Joint Standing Committee on Taxation

Senator Grohoski, Representative Perry, and Distinguished Members of the Joint Standing Committee on Taxation:

My name is Bill Norbert. I am the Governmental Affairs and Communications Manager at the Finance Authority of Maine (FAME). I live in Brunswick and am testifying today Neither For Nor Against L.D. 1873, *An Act to Provide Heating Relief with Tax-free Home Energy Savings Accounts*.

FAME is a quasi-independent state agency that provides financial solutions that help Maine people achieve their business and higher education goals. We create business and educational opportunities through our willingness to invest at greater risk based on public benefit. Our vision is to help create a Maine workforce with good paying jobs by focusing on the nexus of economic and educational development.

This bill would establish the Home Energy Savings Account Program at FAME 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 would be exempt from Maine income tax and 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 Funds withdrawn and used for any other purpose would be subject to Maine income tax. The residence must be located in Maine. Balances in the accounts would not lapse but be carried forward each year.

We appreciate Senator Brakey's interest in providing incentives for Mainers to prepare and pay for needed home energy weatherization and heating/electricity costs. It is an innovative idea and we do not quarrel with the underlying goals of such a program, but FAME respectfully submits that we are not the appropriate administrator for such a program. The proposed initiative really does not align well with FAME's mission of

business and higher education finance. Perhaps another agency with expertise in homeowner concerns or energy efficiency programs would be more suitable? Perhaps a state administrator is unnecessary and participating individuals could deal directly with their lending institutions?

It is difficult to estimate the likely costs for this program should FAME be tasked with its administration. We are unaccustomed to developing and operating such a program. It is hard to estimate how many Mainers and lending institutions will participate, as well. If the bill were to move forward as drafted, we could not absorb the costs associated with its design, implementation, and operation and estimate that we would need to hire additional staff. It also is unclear to us exactly what roles our local lending institutions would play in the program.

Thank you for your consideration of my comments and I will be happy to answer any questions.