



HOUSE OF REPRESENTATIVES

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January 21, 2026

Testimony of Rep. Kilton Webb introducing

LD 2078, An Act to Establish the Electricity Cost Fairness Refundable Tax Credit

Before the Joint Standing Committee on Taxation

Senator Grohoski, Representative Sayre and distinguished members of the Joint Standing Committee on Taxation, I am Kilton Webb, and I represent House District 98, which includes Durham, Pownal, and parts of Lisbon, Bowdoin and Topsham. I am here today to introduce **LD 2078, An Act to Establish the Electricity Cost Fairness Refundable Tax Credit**.

LD 2078 would provide targeted relief for eligible Mainers through a new income tax credit of up to \$600 per year, putting money directly back into the pockets of those who need it most. The credit would work similar to the state's existing Property Tax Fairness Credit and Sales Tax Fairness Credit, which are two proven policies that have helped lessen the financial burdens facing many Mainers.

One of the biggest issues I hear from constituents is that the rising cost of living is making it harder and harder for working families to make ends meet, let alone get ahead. In addition to the increasing costs of housing, healthcare, groceries and other everyday essentials, the rising cost of energy is creating additional stress and taking more and more out of the pockets of working Mainers.

Maine has seen significant increases in the cost of electricity in the last two years in particular as a result of the regions dependence on natural gas to produce electricity. Natural gas prices are up over 30% and that has had a direct impact on the state's electricity rates. The Public Advocate has stated that Mainers should expect at least a \$150 increase in the average electricity bill this year and that is on top of significant increases last year. On top of that, there are proposals to increase rates again to pay for infrastructure upgrades. As the cost continues to rise and macro-economic pressures mount, one thing is clear. Our most vulnerable Mainers are in need of relief, and it is our job to think of and work on creative ways to help them.

Electricity is a necessity, not a luxury. No household should have to choose between paying their electricity bill or buying groceries. Sadly, this is the reality for some of our neighbors. I know this because that was my life growing up. When I was a kid, there were times when things got tight, and my parents had to make those difficult decisions. There were a lot of months when the

phone and internet bill got paid late. While this committee isn't the place to go into specific policy detail on lowering energy costs, it can be a place where we can make a real difference. This bill offers a meaningful step forward that will directly help ease the financial burden that countless Mainers are feeling.

Using the state's income tax to provide this kind of relief makes good sense and provides an easy mechanism to give support to those most effected by rising electricity rates. This is not a new concept or policy change; we currently provide relief to student loan borrowers, parents paying for childcare or adult dependent care, support for parents with young children and low-income workers all through the state income tax code. This is simply an extension of those valuable programs. By linking this proposal to the income tax, we can continue to provide a simple one form method to provide targeted relief to Mainers who are struggling.

There have been attempts, and I know there will be more, to lower energy rates through regulation and ratepayer reform. As a member of the Energy, Utilities and Technology Committee, I can tell you that we will continue to work to lower rates, but those are longer term projects that will take time to see results. We need relief now, and that relief can best be brought to Maine rate payers by providing this kind of targeted help. We need to be doing everything we can to ensure that our neighbors, including working families, veterans and seniors on fixed incomes, can afford to keep their lights on – literally.

Thank you for your consideration. I am happy to answer any questions you may have about the bill.