

## ECONOMIC OPPORTUNITY STUDIES

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### Leveraging: Waivers of State Utility or Fuel Taxes

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Summary:

- 23 states do not tax residential energy services or water
- 24 states tax one or more utility services and 6 have partial waivers for some or all residential customers (see table below for model policies)
- 3 states tax bulk fuel deliveries but not utility service (DE, OH, TX)
- 1 state taxes water service (TN)

<b>FTA 2004 Service Taxation Survey Excerpt</b>							
created from <a href="http://www.taxadmin.org/FTA/pub/services/online/default.html">http://www.taxadmin.org/FTA/pub/services/online/default.html</a>							
EOS Notes indicate low-income tax waivers							
Tax Rate: E - Exempt from Tax or % is shown							
23 States with Residential Utility Taxes : 6 with some consumer exemptions	Electricity- Residential Use		Water - Residential Use	Natural gas - Residential Use		Other fuel (including heating oil) - Residential Use	
	Alabama	4		4	4		4
Arizona	5.6		5.6	5.6		5.6	
Arkansas	6	First 500 KWH/mo. for residential customers with income ≤ \$12,000 per year exempt.	6	6		6	
California	6		E	E		7.25	
District of Columbia	10	Residential bills not taxed, utilities taxed on receipts	E	10	Residential bills not taxed, utilities taxed on receipts	5.75	
Georgia	4		E	4		4	
Hawaii	5.885		5.885	5.885		5.885	
Illinois	5		E	5		6.25	
Indiana	6		6	6		6	
Maine	5	* First 750 KWH per month of residential service is exempt.	E	E		E	

Michigan	4		E	4		4	
Minnesota	6.5	* residential use as primary heat source, is exempt for November through April.	E	6.5	* residential use as primary heat source, is exempt for November through April.	6.5	* sold to residential customers for heating = exempt.
Montana	0.3		0.3	0.3		E	
Nebraska	5.5		5.5	5.5		5.5	
New Jersey	6		E	6		E	
New Mexico	5		5	5		5	
North Carolina	3		E	E		4.5	
South Dakota	4		E	4		4	
Utah	2		E	2		2	
Washington	3.873		5.029	3.852		6.5	
West Virginia	4		4.4	4.29		5	
Wisconsin	5	* Residential use exempt from November through April.	E	5	* Residential use exempt from November through April.	E	
Wyoming	4		E	4		4	

<b>Summary for all Types of Utilities: # of States that Tax Residences for the Following</b>	<b>Total States</b>
Intrastate telephone & telegraph	41
Interstate telephone & telegraph	26
Cellular telephone services	43
Electricity	23
Water	12
Natural Gas	22
Other fuel (including heating oil)	23
Sewer and refuse, residential	10

EOS note (highest state=7%)

**More info at:**

**Federation of Tax Administrators**

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