

**OFFICE OF FISCAL AND PROGRAM REVIEW**

Date: February 7, 2012  
To: Members, Joint Standing Committee on Taxation  
From: Elizabeth Cooper, Legislative Analyst

**LD 1610, An Act To Amend the Law Regarding the Sale of Wood Pellets**

**Summary:** Currently, in order to qualify for a sales tax exemption on the purchase of wood pellets for residential use, customers purchasing more than 200 pounds of wood pellets for residential cooking or heating must sign an affidavit or a log. This bill increases the amount of wood pellets presumed to meet the requirement of residential use, and thus to qualify for the sales tax exemption without signing an affidavit or log, from 200 pounds to 2,000 pounds.

**Public Hearing:**Proponents

- The sponsor testified that the intent of the bill is to allow a sales tax exemption for residential wood pellets sales of up to 2000 pounds without a retailer taking an affidavit or keeping a log for those sales.
- Additional written testimony in support of the bill was provided by the Paris Farmers Union and Maine Pellet Fuels.

Opposed

There was no testimony in opposition to LD 1610.

NFNA

- There was no testimony “neither for nor against” LD 1610.

**Additional Information:**

- This was an issue raised by Joint Select Committee on Regulatory Fairness and Reform. (See letter in your bill file – yellow sheet.)
- See Maine Revenue Services memo. Issues related to presumption of residential sales are met when the residential sale is by delivery. The current over-the-counter requirements for wood pellets in determining a “presumption for residential use” are consistent with those for kerosene and home heating oil.
- See page 5 of MRS Sales, Fuel and Special Tax Division Instructional Bulletin #13 attached to this analysis sheet.
- Should the Committee choose to move forward with this bill, the Committee should discuss the issues related to commercial users raised in the MRS memo.

**Fiscal Information:** The preliminary fiscal impact statement from OFPR indicates that the change to this exemption will reduce sales tax receipts by \$25,000 annually.