

## **S.F. No. 3838 – Energy cost relief and tax credit (As amended by SCS3838A-2)**

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Section 1. **Customer heating costs bill relief.** Provides a mechanism and funding for relief to customers of utilities and suppliers.

Subdivision 1. **Definitions.** Provides definitions for terms used in this section, including “supplier,” “residential customer,” “utility,” and “small business customer.”

Subdivision 2. **Purpose.** Provides that the purpose of this section is to address the issue of heating affordability for customers of utilities and suppliers.

Subdivision 3. **Allocation of appropriation; implementation.** Requires the commissioner of commerce to allocate at least 90 percent of the amount appropriated among utilities for bill credits to residential and small business customers. Specifies that the remaining amounts are allocated to suppliers to address heating cost affordability for their customers and for administrative costs for the commissioner. Provides distribution methodology for utility customers.

Subdivision 4. **Utility plans.** Requires utilities to file a plan to implement customer heating costs bill relief for approval by the Public Utilities Commission.

Subdivision 5. **Apportionment of bill credits.** Provides for apportionment of bill credits over a period of 12 months beginning no later than September 1, 2022.

Section 2. **Municipal utilities; disclosure of costs; reimbursement for reserve funds.**

Subdivision 1. **Definitions.** Provides definitions for terms used in this section, including “critical period,” “incremental cost,” “incremental price,” “impacted volume,” and “utility.”

Subdivision 2. **Utilities must disclose increased energy costs.** Requires a municipal utility to calculate, for each of its customers that received natural gas service during the critical

period, the incremental price multiplied by the volume of natural gas consumed by the customer during the critical period by July 1, 2022.

Subdivision 3. **Reimbursement for reserve revenues.** Allows a utility that paid for wholesale natural gas purchased during the critical period by drawing down accumulated reserve revenues to apply to the commissioner of commerce for a rebate equal to its incremental cost minus any payment of its incremental cost by natural gas customers.

Subdivision 4. **Appropriation.** Appropriates \$35,000,000 in fiscal year 2023 from the general fund to the commissioner of commerce for rebates to municipal utilities.

Section 3. **Tax credit for excess energy costs for municipal utility customers.** Allows an individual income taxpayer a tax credit against income tax due for excess energy costs as disclosed to the municipal utility customers. Provides a definition of “excess energy costs.” Allows any excess amount of the credit to be refunded to the claimant by the commissioner of revenue. Appropriates to the commissioner of revenue from the general fund amounts to pay the refunds. Prohibits a double benefit to a taxpayer. Effective retroactively for taxable years beginning after December 31, 2020, and before January 1, 2022.

Section 4. **Appropriation; customer heating costs bill relief.** Appropriates an unspecified amount from the general fund to the commissioner of commerce to address heating cost affordability for customers of utilities and suppliers.