

## **S.F. No. 1413 – Sales tax exemption for certain natural gas fees**

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Under current law, natural gas used as a primary source of residential heating, and any fees associated with the sale and purchase of that natural gas, is exempt from sales tax during November through April. The exemption applies to the month the bill is dated, regardless of when the service of providing the natural gas is rendered.

This bill would provide a sales tax exemption for fees related to natural gas used as a primary source of residential heating during the period February 13 to February 17, 2021, but applied to customers' billing statements in the non-exempt months of May to October. The fee must be separately stated on a billing statement and labeled as a fee subject to a cost recovery plan for increased natural gas prices during the period February 13 to 17, 2021.

Utilities must apply to the commissioner of revenue for a refund of sales tax remitted for purchases of natural gas related to the cost recovery plan by October 1, 2023. Within 90 days of receipt of the refund, the utilities must provide a plan for crediting taxes paid to the Public Utilities Commission, which must be approved by the Commission. The utilities must then refund customers pursuant to the Commission-approved plan.

The exemption is retroactive to fees applied to customers' bills beginning September 1, 2021, through June 30, 2023. The exemption is upfront for the period July 1, 2023, through December 31, 2026.