



February 20, 2023

Senator Ann Rest
75 Rev. Dr. Martin Luther King Jr. Blvd.
Capitol, Room 328
St. Paul, MN 55155

Representative Esther Agbaje
437 State Office Building
St. Paul, MN 55155

RE: SF 1413/HF 1746 – Sales tax exemption for 2021 winter storm gas fees

Dear Chair Rest and Representative Agbaje:

I write to express the support of the Citizens Utility Board of Minnesota (CUB) for SF 1413/HF 1746, which provides an exemption from sales tax for ratepayers' cost of utility gas during a 2021 winter storm. CUB is a nonprofit advocate for Minnesota energy consumers. From CUB's perspective, this is a common-sense bill that will help to reduce the burden of these costs for Minnesota households.

Between February 13 and 17, 2021, regulated utilities paid more than \$660 million above normal for gas to supply their Minnesota customers. The vast majority of those costs are being passed on to Minnesota ratepayers, including many families that are struggling with already high gas costs. To mitigate the impact on consumers, the Minnesota Public Utilities Commission extended the recovery of these costs over 63 months. This means that customers have been paying surcharges for wintertime gas year-round, and will continue to do so over more than five years.

Under Minn. Stat. 297A.67, subd. 15, gas sold to residents who use it as their home's primary source of heat is not taxable during the winter months (November-April). Had the winter storm event charges been passed onto customers in the normal fashion, they would have been untaxed. However, legislative action is needed to ensure that the costs can be tax-free even as they are paid back over a longer period.

This bill is a common-sense step to reduce Minnesotans' unusually high gas bills by a small but still meaningful amount. Thank you for carrying this legislation.

Sincerely,

Annie Levenson-Falk
Executive Director