

PUBLIC SERVICE COMMISSION
STATE OF NORTH DAKOTA

NEWS RELEASE

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Commissioners Wefald, Clark, and Cramer

Commissioners support heating tax repeal

Public Service Commissioners Tony Clark, Kevin Cramer and Susan Wefald are asking the Legislature to repeal taxes currently charged on home heating fuels.

They are supporting a bill being introduced by Rep. Al Carlson, R-Fargo, to eliminate the two-percent sales tax on natural gas and the two-percent excise tax on other heating fuels, including heating oil, kerosene and propane.

Commissioner Clark said the legislation will give meaningful tax relief to a broad cross-section of North Dakotans, but will be especially helpful for those on fixed incomes.

“The taxes are unfair because they hit people hardest when it’s colder and when energy prices are high,” Clark said. “These taxes should be given the permanent cold shoulder.”

This won’t be the first time the Legislature has debated the existence of the taxes. The 1991 Legislature reduced the sales tax on natural gas gradually from 5 percent to 2 percent. The rate of two percent has remained since 1995.

Commissioner Cramer said the next few months should be a good time for renewed debate on the taxes because the Legislature meets during the coldest time of the year.

“It’s time to finish the job that the 1991 Legislature started,” Cramer said. “Hopefully this is the last winter that people have to pay taxes to keep warm.”

Commissioner Wefald said the PSC has an interest in repealing the taxes because the agency often hears pleas for help from those who can’t afford their heating bills. The PSC helps people work with utility companies to keep their heat turned on while payment arrangements are made.

“We’re a state agency that helps protect people from getting their heat disconnected in the winter, yet at the same time, the state is making it more expensive for people to stay warm,” Wefald said. “The state should help people pay less for heat.”

If the bill passes, it would apply to purchases of heating fuel made after June 30, 2007.

According to the Tax Department, the state collected \$6.17 million in sales taxes on natural gas in 2005 and roughly \$4.5 million in the first three quarters of 2006. The Tax Department doesn't have figures for taxes paid on other home heating fuels because those are part of the special fuels category, which also includes fuels used in motor vehicles.

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