Tax Expenditure Review Commission Member Evaluation Summary
4.1.15 Residential Water Services

Water

Name of Expenditure:	Residential Water Services
Estimate of Annual Revenue Lost:	$28,900,000*
Year of Adoption:	1979
Sunset Date:	None

Tax Type:

- ☐ Individual Income Tax
- ☐ Corporate Franchise Tax
- ☐ Estate Tax
- ■ General Sales and Use Tax
- ☐ Motor Vehicle Sales Tax
- ☐ Highway Fuels Excise Tax
- ☐ Alcoholic Beverage Tax
- ☐ Cigarette and Tobacco Tax
- ☐ Mortgage Registry Tax
- ☐ Deed Transfer Tax
- ☐ Lawful Gambling Tax
- ☐ Insurance Premiums Tax
- ☐ Property Tax
- ☐ Motor Vehicle Registration Tax
- ☐ Aircraft Registry Tax
- ☐ Cannabis Gross Receipts Tax

This expenditure is the result of state conformity to the Federal Code:

- ☐ Yes
- ■ No

Commission Approved Objective:

The objective of the Heating Fuel and Utility Service tax exemption is to lessen the effective tax burden of lower-income households and reduce the regressivity of the sales and use tax.

Business (check all that apply):

- ☐ Job Creation & Maintenance
- ☐ Investment
- ☐ Competitiveness/Strategic
- ☐ Health/Environmental/Social Justice
- ☐ Other

Individual (check all that apply):

- ☒ Relief of Poverty
- ☒ Progressivity/Assistance to Low Earners
- ☐ Access to Opportunity
- ☐ Health/Environment/Social Justice
- ☐ Other

*The estimate of annual revenue lost is from the 2024 Tax Expenditure Budget published by the Department of Revenue for Fiscal Year 2026.

Measurement and Effectiveness Ratings Summary:

Statement	Strongly Disagree	Somewhat Disagree	Somewhat Agree	Strongly Agree	Total
We can measure the overall benefit towards achieving the objective(s).	0	0	1	4	5
The expenditure's benefit justifies its fiscal cost.	0	0	1	4	5
The expenditure is claimed by its intended beneficiaries.	0	0	1	4	5
The expenditure is claimed by a broad group of taxpayers.	0	0	1	4	5
The expenditure amount claimed per taxpayer is meaningful as an incentive/benefit.	0	0	2	3	5
The expenditure is relevant today.	0	0	1	4	5
Business Only: The expenditure is primarily beneficial to smaller businesses.	0	0	0	0	0
Individuals Only: The expenditure is primarily beneficial to lower income taxpayers.	0	0	2	2	4

This tax expenditure is flagged for legislative review:

Continue	Repeal	Modify	Total
4		1	5

Comments:

“Great program”

“Similar to heating exemption, I think this would be better targeted if tiered based on income or house size.”

“There did not seem to be as much challenge with the water use as with the heating. I would continue this tax expenditure.”