

Tax Expenditure Review Commission Member Evaluation Summary

4.1.16 Sewer Services

Name of Expenditure: Sewer Services
Estimate of Annual Revenue Lost: \$116,100,000*
Year of Adoption: N/A
Sunset Date: None

Tax Type:

- | | |
|---|---|
| ☐ Individual Income Tax | ☐ Mortgage Registry Tax |
| ☐ Corporate Franchise Tax | ☐ Deed Transfer Tax |
| ☐ Estate Tax | ☐ Lawful Gambling Tax |
| ☒ General Sales and Use Tax | ☐ Insurance Premiums Tax |
| ☐ Motor Vehicle Sales Tax | ☐ Property Tax |
| ☐ Highway Fuels Excise Tax | ☐ Motor Vehicle Registration Tax |
| ☐ Alcoholic Beverage Tax | ☐ Aircraft Registry Tax |
| ☐ Cigarette and Tobacco 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 Sewer Services 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	2	3	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	1	4	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	1	3	0	4

This tax expenditure is flagged for legislative review:

Continue	Repeal	Modify	Total
3	0	2	5

Comments:

“Again, perhaps better accomplished with tiered based on income.”

“There could be opportunities here to modify if we wanted to limit the loss of revenue. Perhaps this could start with not exempting businesses from sewer use to mitigate some of the revenue loss.”