

Gross Receipts Tax on Electricity Sales



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The gross receipts tax (GRT) on electricity sales is levied at a rate of 5.9%. Tax is collected monthly by utilities and remitted to the state each March. Tax is levied on all end users: residential, commercial and industrial. Tax is not levied on electricity exported out of state.

Gross Receipts Tax on Electricity

| Fiscal Year | Amount (millions) | Growth Rate | Avg Res Bill | Annual Savings |
|-------------|-------------------|-------------|--------------|----------------|
| 16-17 | \$850 | -6.3% | \$117 | \$83 |
| 17-18 | \$788 | -7.2% | \$118 | \$83 |
| 18-19 | \$907 | 15.0% | \$117 | \$83 |
| 19-20 | \$822 | -9.4% | \$115 | \$81 |
| 20-21 | \$762 | -7.3% | \$116 | \$82 |
| 21-22 | \$809 | 6.2% | \$123 | \$87 |
| 22-23 | \$999 | 23.5% | \$143 | \$101 |
| 23-24 | \$1,184 | 18.6% | \$145 | \$103 |
| 24-25 | \$1,059 | -10.5% | \$151 | \$107 |
| 25-26 | \$1,216 | 14.8% | \$177 | \$125 |
| 26-27 | \$1,383 | 13.7% | \$201 | \$143 |

Note: FY 26-27 is an IFO estimate.

Source: Average residential bill from Energy Information Administration.

For FY 2025-26, the Commonwealth collected \$1.22 billion in electric GRT, an increase of 14.8% from the prior year. (See table.) Largely due to surging power prices, the Independent Fiscal Office (IFO) projects another significant increase (+13.7%) for this fiscal year. The latest data from the Energy Information Administration (EIA) show that the average monthly residential electricity bill was \$177 (includes renters). For FY 2026-27, elimination of the electric GRT would yield an estimated \$143 ($\$201 * 12 * 5.9\%$) in annual direct savings for the average residential user.¹

Not all electric GRT is paid by residential users. Data from the EIA show that roughly one-half of electricity sales are to commercial and industrial users. Those users will pass the GRT forward to consumers of final goods and services. The IFO estimates that 60% of GRT remitted by

industrial and commercial users is pushed forward to final prices and effectively paid by Pennsylvania consumers, and the residual (40%) is paid by non-residents as some goods and services are exported.

Based on that assumption, the second table shows the results from the [IFO tax incidence model](#). Tax incidence tracks the tax to the person that effectively bears the burden of the tax through higher prices and/or lower incomes and profits. The distribution across income groups is based on data from the U.S. Bureau of Labor Statistics [Consumer Expenditure Survey](#) (CEX). Those data show that the GRT is a regressive tax, as lower-income residents remit a larger portion of their income to pay the tax. For example, the CEX data show that the average electric bill is 3.8% of gross income for a consumer unit with income between \$30,000 and \$40,000, but 1.3% for units with income between \$150,000 and \$200,000. For the 80% of electric GRT effectively paid by Pennsylvania residential users (directly) and consumers (indirectly), the tax incidence model finds that nearly half (49%) is effectively paid by residents with income under \$100,000.

Distribution of GRT on Electricity

| Income Group | | Share | Amount (millions) |
|--------------|-------------|-------------|-------------------|
| Low | High | | |
| \$1 | \$50,000 | 24% | \$266 |
| \$50,000 | \$100,000 | 25% | \$277 |
| \$100,000 | \$200,000 | 29% | \$321 |
| \$200,000 | \$500,000 | 13% | \$144 |
| \$500,000 | \$1 million | 6% | \$61 |
| \$1 million | or more | 4% | \$39 |
| Total | | 100% | \$1,107 |

Note: Assumes residents pay 80% of electric GRT. Distribution uses IFO estimate for FY 26-27.

Source: IFO tax incidence model.

¹ HB 2224 and HB 1667 propose to eliminate the GRT on sales of electricity.