



MEMO IN SUPPORT

S7438 (Krueger) / A8483 (Cahill)

Fossil Fuel Subsidy Elimination Act

January 11, 2022

TITLE OF BILL

Fossil Fuel Subsidy Elimination Act.

SUMMARY OF PROVISIONS

Section 1 states the bill's title.

Sections 2 through 33 remove certain tax incentives and exemptions for fossil fuels and make technical changes. For a full list, see page 2.

Section 34 states that the bill takes effect immediately and applies to taxable years after the January 1st following passage, with certain exceptions.

STATEMENT OF SUPPORT

Reinvent Albany supports this bill because it creates consistency between state tax expenditures (subsidies) and the state's stated policy goal of reducing carbon emissions. Currently, New York State taxpayers are subsidizing carbon emissions through tax abatements for carbon fuel sources, while simultaneously funding alternative fuel and energy conservation programs intended to reduce carbon emissions. This is irrational.

This bill would eliminate an estimated \$336 million of NYS fossil fuel subsidies out of \$1.5 billion total. S7438/A8483 targets the subsidies that go to industry, not those that benefit the public, so everyday New Yorkers will not be negatively affected by this bill.

INCENTIVES AFFECTED BY THIS BILL

Sections 2 through 30 remove certain fossil fuel incentives and exemptions from the following programs:

- Excelsior Jobs (Sections 2 through 4)
- START-UP NY (5)
- Investment Tax Credit (6 and 17)
- Petroleum Business Tax (PBT):
 - Manufacturing using non-highway diesel fuel and residual petroleum product (8)
 - Kerosene, kero-jet fuel, bunker fuel, liquefied petroleum gases, non-highway diesel motor fuel used for nonresidential heating purposes (9)
 - Sales to NYS government (10)
 - Reimbursement for PBT on non-highway diesel motor fuel used for non-residential heating purposes, and for motor fuel and diesel motor fuel sold to NYS government (11 and 11-a)
 - PBT reimbursement for commercial, manufacturing, and mining and extracting gallonage (12)
 - PBT reimbursement for residual petroleum product and non-highway diesel motor fuel used by an electric corporation (14)
 - Certain airlines (15)
 - Commercial gallonage (16)
- Brownfield Redevelopment Tax Credit (18)
- Rehabilitation of Historic Properties Tax Credit (19 and 30)
- Sales and Use Tax:
 - Oil and gas production services (20)
 - Airline fuel (22)
 - Gas used in research and development (23)
 - Fuel and gas used in production of tangible personal property (24)
 - Gas used to maintain gas distribution infrastructure (27)

The bill also makes technical changes in Sections 7, 13, 21, 25, 25-a, 26, 28, and 29.

Section 31 removes fossil fuel companies from the definition of qualified emerging technology companies and investments.

Sections 32 and 33 disqualify fossil fuel operations from special benefits for NY manufacturers.