



## Testimony of Reinvent Albany for the Joint Legislative Hearing On Environmental Conservation

February 14, 2023

Reinvent Albany advocates for open, accountable New York government.

**First, we urge the Senate and Assembly to put [S543 \(Gianaris\) / A2170 \(Dinowitz\)](#), which would end the state’s Opportunity Zone (OZ) tax break, into your one-house budgets.**

In 2019, New York passed [the Climate Leadership and Community Protection Act](#), widely regarded as one of the most ambitious climate laws in the nation. But under the Opportunity Zone tax break, the state could be subsidizing investments in oil and gas. This is because the program forces states to subsidize investments in any Opportunity Zone business, even if it’s out of state.

We have identified at least three Opportunity Funds that support investments in oil and gas. [Elite Opportunity Fund](#) is the largest of the three, with drilling targets valued at \$13 billion. Elite’s portfolio includes shale gas, which [releases more carbon emissions](#) than other forms of energy. Two other Opportunity Funds are [USED C Opportunity Fund I LP](#), which supports the U.S. Energy Development Corporation, and [Deep Green One Energy Opportunity Fund](#), which despite its name focuses primarily on oil and gas investments.

Likewise, though the state has taken steps to reduce crypto mining emissions through a two-year moratorium and Governor Hochul’s denial of a permit for a crypto mining operation, the state may be inadvertently subsidizing the crypto industry through Opportunity Zones. At least two OZ funds are dedicated to investments in crypto: [Bit Capital OZ Fund](#) and [Redivider Blockchain OZ Fund](#).

Because the Opportunity Zone program was established with hardly any transparency requirements, we can’t know how much revenue New York is losing. However, some of these funds’ promoters are based in NY, which means that if these companies profit, there’s a good chance that New York will lose revenue.

We believe that the state's tax policy should reflect its public policy. It makes no sense for New York to be subsidizing out-of-state oil and gas investments while taking steps to reduce carbon emissions. If NY does not take action, the state and NYC could lose up to [\\$420 million annually to OZs from 2029](#), according to the Citizens Budget Commission. We strongly urge the Senate and Assembly to include this bill in your budgets.

The state is also subsidizing fossil fuels through multiple tax breaks — and we know for a fact that these are costing us up to \$336 million a year. **We urge the Senate and Assembly to put the Stop Climate Polluters Handout Act ([S3389 \(Krueger\)](#)) in your one-house budgets.**

Thank you for your consideration. If you have any questions, please contact Tom Speaker, Policy Analyst, at tom [at] reinventalbany.org.