



NEW YORK STATE SENATOR

Liz Krueger

## Senator Krueger And Assemblymember Cahill Announce First In The Nation Bill To Tackle Fossil Fuel Subsidies

LIZ KRUEGER September 21, 2017

| ISSUE: **CLIMATE CHANGE, FOSSIL FUEL SUBSIDIES, TAX EXPENDITURES, TAXES**



**New York** – Today, State Senator Liz Krueger and Assemblymember Kevin Cahill announced the introduction of a bill ([S6881/A8675](#)) to tackle counterproductive state fossil fuel subsidies, shining a light on and potentially halting tax breaks, credits and refunds for the use of dirty fossil fuels. The legislation would require the Governor to submit an annual analysis of all fossil fuel related tax expenditures, including recommendations regarding continuation, modification or repeal of some of the worst offenses. It also implements a 3-year sunset

provision for all current and future fossil fuel related tax expenditures. The state-level measure is the first in the country to specifically target fossil fuel tax subsidies and create a regular public review process. Sen. Krueger and Assm. Cahill explained the need for the bill in an op-ed this morning in the Albany Times Union, which can be [viewed here](#).

"We are now undoubtedly living in an era of climate change, and we are already seeing its devastating impact around our country and the world," said **Senator Krueger**. "New York should be doing everything we can to mitigate the effects of climate change, but there are still areas where we are on the wrong track. We spend \$1.5 billion every year on tax subsidies that support the use of dirty fossil fuels, with barely any information about the effects of this spending. We need a process in place to regularly analyze and review these subsidies, so that we can strengthen those that actually benefit hard-working New Yorkers, and get rid of those that waste taxpayer dollars and make our climate crisis worse."

"With the recent devastation created by Hurricanes Harvey and Irma no one should doubt the real life consequences of climate change. Here in New York we have a long history of initiatives focused on cutting greenhouse gases. Through legislation and funding we have found ways to prioritize and support the use of clean renewable resources. However, at the same time our State Government counterproductively continues to offer subsidies that promote the use of dirty fossil fuels. The bill Senator Krueger and I introduced will bring greater transparency to this process. First, by opening up the books to uncover who is receiving these tax breaks and for what purposes. Second, it allows the legislature to review and determine if any of the subsidies should not be renewed, providing oversight and the ability to revoke programs which work against the public interest. The process created will allow public involvement into a system that we currently know very little about. I commend Senator Krueger for her work on the bill and I look forward to ushering this through the

Assembly,” stated **Assemblymember Cahill**.

New York State spends over \$1.5 billion every year on fossil fuel related tax expenditures, distorting the market and subsidizing the use of greenhouse gas-emitting fossil fuels. Some of these tax expenditures may serve a compelling public interest, such as a sales tax exemption for residential heating. However, a significant proportion of the spending serves to prop-up outdated industries or reward energy inefficiencies leading to a double cost to taxpayers – once for the direct tax expenditure and again for the environmental damage resulting from the continued burning of fossil fuels.

New York State has a goal of reducing greenhouse gas emissions by 80% below 1990 levels by 2050. Continuing to subsidize the use of fossil fuels delays the adoption of cleaner alternatives, creates barriers to achieving the State's climate goals and wastes precious taxpayer money.

The legislation introduced today would require the State’s annual Tax Expenditure Report to include an enumeration and evaluation of all fossil fuel related tax expenditures, as well as a recommendation by the Governor regarding the continuation, modification or repeal of such expenditures. The Report would be made in consultation with the State’s Energy Planning Board, whose members include representatives of New York State Energy Research and Development Authority, Public Service Commission, Empire State Development, the Departments of Environmental Conservation, Agriculture and Markets, Health, Labor, and Transportation as well as Legislative appointees and others.

The bill also implements a 3-year sunset provision for all current and future fossil fuel related tax expenditures, providing such expenditures would not otherwise expire at an

earlier date. The Legislature may, of course, choose to renew any tax expenditure that benefits the public interest. This will create an evaluation process through which outdated fossil fuel subsidies can be allowed to expire, while those that provide a real benefit to New Yorkers can be retained.

"Cutting our dependency on fossil fuels is essential to building a strong, clean-energy economy in New York State," said **State Senator John E. Brooks**. "Not only does this legislation protect our planet and preserve public health, but it relieves New Yorkers of billions in spending, and creates jobs and vast opportunities for renewable energy to prosper."

"Encouraging new and green technologies is a smart investment; it's also a substantial one," said **State Senator Martin Malavé Dilan**. "While few could argue against the merits of subsidizing heating fuel costs for vulnerable New Yorkers throughout the state, other subsidies may not serve the same public interest. The problem is we have no idea if these programs are at all effective. All we know is that they are expensive. We have made a significant commitment to lower the state's carbon footprint; we're also committed to helping those in need. This legislation has the potential for both savings and greater oversight that will vastly improve the delivery and purpose of these incentives, and help us keep pace with our greenhouse gas reduction goals."

"In just the last several weeks, we've seen a string of historically devastating hurricanes that demonstrate the destruction that human-induced climate change can cause," said **State Senator Brad Hoylman**. "Yet here in New York, taxpayers continue to prop up the dirty fuel industry, in the form of tax expenditures, to the tune of \$1.5 billion a year. In the face of President Trump's disastrous policy of climate denial, states must ensure that public dollars are not used to protect the fossil fuel industry. I'm grateful to Senator Krueger and Assembly

Member Cahill for their efforts to end these counterproductive giveaways and look forward to working with them to build a cleaner and more sustainable New York."

"It is important to understand the amount and manner of money which is being spent on fossil fuels in New York," said **Assemblyman Steve Englebright**. "The state should be transparent about the expenditures being used for fossil fuels. The bill seeks to create streamlined pathways to cleaner energy sources and overall lower greenhouse gas emissions. This additional level of oversight and scrutiny is crucial and I am happy to work with Senator Krueger and Assemblyman Cahill on this issue."

"Making sure that we better understand who is receiving state fossil fuel tax subsidies, and repealing these giveaways when we can, is imperative if we are serious about reducing greenhouse gas emissions and protecting our planet," said **Assembly Member Jo Anne Simon**. "At a time when Washington is moving backwards on fighting climate change, New York State must lead the way on sustainability efforts and reduce our reliance on fossil fuels. I thank Senator Liz Krueger and Assemblymember Kevin Cahill for their leadership on this timely issue and I am pleased to co-sponsor this bill."

**Conor Bambrick**, Air and Energy Director at Environmental Advocates of New York, said: "If New York is serious about taking on climate change, then we have to be serious about ending the use of fossil fuels. Tax exemptions and subsidies that may have seemed reasonable in the past are now working at cross purpose to our efforts to decarbonize the economy. Our climate is changing, the way we produce and consume energy is changing, we need to make sure our tax policies are keeping up with the pace."

**Roger Downs**, Conservation Director for the Sierra Club Atlantic Chapter, said: "New York's

transition to a clean renewable energy economy is often thwarted by false arguments of cost when so much public money is given to polluting fossil fuel interests in the form of subsidies and tax breaks. The Sierra Club applauds Senator Krueger and Assemblymember Cahill for introducing the legislative solution to this imbalance, which will systematically end how New York currently finances the degradation of our own air quality and the disruption of the global climate."

**Blair Horner**, Executive Director of NYPIRG, said: "The U.N. Intergovernmental Panel on Climate Change was crystal clear: When it comes to fossil fuels, the best strategy is to 'keep it in the ground.' New York should heed that advice and go one step further, by pulling back its benefits to fossil fuel companies and instead keeping them in the state's tax coffers. Senator Krueger and Assemblymember Cahill's bill is a good and important step towards getting New York out of the business of subsidizing fossil fuels."

**Adrienne Esposito**, Executive Director for Citizens Campaign for the Environment, said: "New York is at ground zero for experiencing the effects of climate change caused by antiquated fossil fuel power plants. Mainland flooding causing property damage, sky rocketing home insurance for coastal communities, acidification of our estuaries, warming waters in the Long Island Sound causing the failure of the Lobster populations are all directly linked to fossil fuels. It is irrational for taxpayers to continue subsidizing fossil fuels that are damaging our way of life. New York can no longer afford the economic and environmental costs of fossil fuel subsidies. We commend Senator Krueger and Assemblyman Cahill for proposing commonsense legislation that will phase-out fossil fuel subsidies. Not only will this help protect public health and fight climate change, it will create a more level playing field for clean, renewable energy to thrive."

**Manna Jo Green**

, Environmental Director for Hudson River Sloop Clearwater, said: "Given the intensity of the global climate crisis, this bill requiring the Governor to report current and future fossil fuel related tax expenditures, and to phase out as much of these as possible over the next three years is timely and a very valuable step to divest from an energy system that generates greenhouse gas emissions, and transition to a renewable energy economy. Clearwater applauds the sponsors for taking such a proactive step. The severity of recent hurricanes, fires and other climate related disasters underscores how urgently this action is needed."

**Eric Weltman**, Senior Organizer at Food & Water Watch, said: "Climate change is a real and present danger, each superstorm a tragic reminder that we must reject dirty fossil fuels and move to 100 percent renewable energy. As we approach the fifth anniversary of Superstorm Sandy, New York must lead the way in getting off fossil fuels. Food & Water Watch is pleased to support Senator Krueger and Assemblymember Cahill's efforts to eliminate subsidies for dirty fossil fuels."

**Bob Cohen**, Policy Director of Citizen Action of New York, said: "Climate change is a real and an immediate threat to our well-being as New Yorkers, as Superstorm Sandy, Hurricane Irene and the recent tropical storms hitting Texas, Florida, Puerto Rico and other parts of our nation attest to. New York must lead the nation in dramatically moving away from our nation's reliance on fossil fuels. We need to re-evaluate all tax expenditures in our state that subsidize the fossil fuel industry as part of a comprehensive approach to addressing climate change. Citizen Action supports Senator Krueger and Assemblymember Cahill's bill because it takes us along this path."

**Jennifer Scarlott**, Coordinator of Bronx Climate Justice North, said: "We are in a climate emergency, yet most of us continue to sleepwalk. Senator Krueger and Assemblymember

Cahill's legislation to rapidly phase out subsidies to fossil fuel companies is precisely what is needed to awaken and move into a renewable energy future for New York State. To prop up the very industry that has delivered us to the brink of planetary destruction is not just nonsensical, it is deeply immoral. Thank you, Senator Krueger and Assemblymember Cahill, for your clear-eyed leadership."

A statement issued by **NY Indivisible**, said: "NY Indivisible fully supports Senator Liz Krueger and Assemblymember Kevin Cahill's bill. All New Yorkers benefit by taxing fossil fuel related expenditures by allocating this money into services for our citizens. If big oil wants to play in our state's energy sector, then they must pay and compete in a fair and open market. It is a critical time not just for our state but for the planet and NY needs to take the lead in transitioning to renewable energy. This bill is one of many steps needed to successfully make this transition. "

**Mark Dunlea** of PAUSE said: "We applaud this initiative by Sen. Krueger and Assemblymember Cahill to halt state subsidies to fossil fuels. If we are to avoid catastrophic climate change, we must end the era of fossil fuels as soon as possible. It is irresponsible for the state to continue to provide billions of dollars of support to fossil fuels that are driving extreme weather and air pollution."

**Supporting Organizations Include:**

Environmental Advocates of New York

Sierra Club Atlantic Chapter

NYPIRG

Citizens Campaign for the Environment

Hudson River Sloop Clearwater



Food & Water Watch

Citizen Action of NY

New York State Nurses Association (NYSNA)

New York Communities for Change

All Our Energy

Bronx Climate Justice North

Green Education and Legal Fund

The Interfaith Climate Justice Community of WNY

Jewish Climate Action Network NYC

NY Indivisible

PAUSE

Western New York Environmental Alliance

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#### RELATED LEGISLATION

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### **2017-S6881**

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- Introduced
- - In Committee Assembly
  - In Committee Senate

- ○ On Floor Calendar Assembly
  - On Floor Calendar Senate

- ○ Passed Assembly
  - Passed Senate

- Delivered to Governor

- Signed By Governor

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Requires the governor's tax expenditure reporting to include an enumeration of all fossil fuel related tax expenditures

September 22, 2017

In Senate Committee **Finance**

Sponsored by **Liz Krueger**

Do you support this bill?