

Environmental

Advocates

NY

EANY SUPPORTS Ending Fossil Fuel Tax Breaks



Memo #63

[A.6882 \(Cahill et al\)](#)

[S.4816 \(Krueger et al\)](#)

Explanation:

This bill will repeal several of the tax exemptions for fossil fuels such as petroleum, kerosene, aviation gasoline and nonresidential heating fuels. By scaling back the tax breaks that are given to fossil fuel industries, the state will save millions of dollars each year and be in better alignment with the climate goals.

New York State currently provides tax exemptions to fossil fuel industries for sales and use taxes as well as business taxes. The combustion of fossil fuels is directly responsible for climate change and air pollution, which means providing tax breaks for fossil fuel industries does not line up with the state's climate goals. Since the passage of the Climate Leadership and Community Protection Act (CLCPA), New York has been hailed as a climate leader and other states and the federal government have used the CLCPA as a blueprint for combatting climate change. But giving tax exemptions to industries that continue to produce harmful emissions sends the wrong message about the direction the state is heading.

Each year New York spends over a billion dollars in tax exemptions to fossil fuel industries. By limiting the exemptions given to fossil fuel industries, those funds can instead be spent on renewable energy development and achieving the emissions reduction targets of the climate law. By cutting tax breaks for fossil fuel companies, New York is also signaling to industries that we are serious about divesting in fossil fuels and making way for renewable energy.

Summary:

This legislation amends several sections of the Tax Law to repeal the exemption of sales and use tax and petroleum business tax for fossil fuels including: petroleum, kerosene, aviation gasoline, kero-jet fuel, bunker fuel, liquified petroleum gases, and non-highway diesel motor fuel for nonresidential heating use. This bill would take effect immediately and would apply to all tax years beginning in January 2022.