May 12, 2021

S.4816 (Krueger)/A.6882 (Cahill)

Summary: Repeals certain exemptions from sales and use tax and petroleum business tax that encourage the use of fossil fuels.

Statement of Support: New York State spends over $1.5 billion every year on fossil fuel related tax expenditures, which include subsidizing the use of greenhouse gas-emitting fossil fuels. New York’s monumental Climate Leadership and Community Protection Act established into law a goal to achieve net-zero greenhouse gas emissions by 2050 and 100% decarbonized power by 2040. Continuing to subsidize fossil fuels would prevent New York from meeting these goals, promote further damage to the environment, and leave less money available for programs that help New Yorkers. To achieve our renewable energy targets, New York must stop propping up fossil fuels in the form of existing subsidies, indirect incentives, and preferential rules, and help fund the transition from fossil fuels to wind, solar, and geothermal power.

With looming $15 Billion-dollar-a-year deficits over the next few years as a result of the pandemic, it appears that the state will have to do a lot of belt tightening to address annual budget gaps until we make a full recovery. While the Sierra Club advocates for continued funding of renewable energy projects, despite shortfalls, as a means to put more New Yorkers back to work and jumpstart economic growth, it seems wholly inappropriate for the State to continue to financially support the fossil fuel industry.

Reviewing and eliminating nonessential fossil fuel subsidies is critical to both addressing the state’s budget shortfall and combating the climate crisis. This bill would begin the important process of eliminating nonessential fossil fuel subsidies, specifically, numerous petroleum business taxes and sales and use taxes. The full or partial elimination of some of the most egregious fossil fuel related tax expenditures would save the state roughly $334 million annually, based on information available in the Division of the Budget’s Annual Report on New York State Tax Expenditures.

The polluters responsible for the climate crisis must be held accountable for the costs associated with their longstanding recklessness. This legislation would ensure that those responsible entities no longer benefit from New York State’s tax expenditure policies. New York cannot afford to continue subsidizing the fossil fuel industry with hundreds of millions of dollars annually, in turn financing the degradation of air quality and contributing to the disruption of the global climate. Wiping the slate clean of entitlements that enable those that continue to despoil the planet is a necessary and reasonable first step towards climate justice.

The Sierra Club Atlantic Chapter Strongly Urges Your Support of S.4816/A.6882