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Committee Assignment: Senate 4 Bill #: S-29

Sponsors: Grace Meredith

AN ACT TO: Amend the tax law, in relation to establishing a tax on carbon based fuels and to amend the state finance law, in relation to establishing the carbon tax revenue fund.

The People of the State of New York, represented in the Senate and Assembly, do enact as follows:

PURPOSE: The purpose of this bill is to create a disincentive in the form of a carbon tax, to decrease the consumption of carbon fuels that are known to cause climate change, in favor of renewable sources of energy.

SUMMARY OF PROVISIONS:

Section 1: The tax law is amended by adding a new article 21-B to read as follows:

§ 530. Definitions: Furthermore the following words or phrases shall mean;

(a) "Carbon-based fuel" means coal, natural gas, petroleum products and any other product used for fuel that contains carbon and emits carbon dioxide when combusted

(b) "Distributor" means a person who imports carbon-based fuel for use, distribution, or sale within the state, or a person who produces, refines, manufactures, or compounds carbon-based fuel within the state for use, distribution, or sale.

(c) "Petroleum products" means propane, gasoline, unleaded gasoline, kerosene, number 2 heating oil, diesel fuel, kerosene based jet fuel, and number 4, number 5 and number 6 residual oil for utility and non-utility uses, and all petroleum derivatives, whether in bond or not, which are commonly burned to produce heat, power, electricity or motion or which are commonly processed to produce synthetic gas for burning.

(d) "Consumer" means a person who purchases carbon-based fuel for his or her own consumption.

(e) "Market Purchase" means a purchase of carbon-based fuel made by a person for his or her own consumption.

(f) "Tax Liability" means the total amount of tax debt owed by an individual, corporation, or other entity that is taxable under this law.

Section 2: § 531. Imposition of the rate of tax. (a) It is levied that the tax shall be at five dollars per ton of carbon in any carbon-based fuel that is sold to consumers within New York State. The tax rate shall increases annually based off of inflation. The department shall calculate the tax liability linked with any market purchase by multiplying the rate specified in this section by the total amount of carbon in each carbon-based fuel sold to consumers in the state.

(b)A distributor shall pay to the commissioner an excise tax per gallon determined by the department pursuant to subdivision (a) of this section upon each gallon of carbon-based fuel sold by such distributor in the state during the calendar month covered by the return required pursuant to subdivision (c) of this section. The tax imposed under this section shall be collected by the distributor upon completion of any sale or delivery of fuel.

(c) (c) Every distributor that makes sales subject to the tax imposed by this section shall, on or before the twentieth day of each month, file with the commissioner a return on forms to be prescribed by the commissioner, showing its receipts from the retail sale of carbon-based fuel during the preceding calendar month and the amount of tax due. Such returns shall contain any further information that the commissioner may require. Every distributor required to file a return under this section shall, at the time of filing such return, pay to the commissioner the total amount of tax due on its retail sales of carbon-based fuel for the period covered by such return. If a return is not filed when due, the tax shall be due on the day on which the return is required to be filed.

§ 532. Deposit and disposition of revenue. All monies collected or received by the commissioner of taxation and finance under the taxes imposed by this article shall be deposited in the carbon tax revenue fund and disposed of pursuant to section ninety-nine-aa of the state finance law.

§ 2. The state finance law is amended by adding a new section 99-aa to read as follows:

§ 99-aa. Carbon tax revenue fund.

1. There is hereby established in the joint custody of the state comptroller and commissioner of taxation and finance a fund to be known as the "carbon tax revenue Fund".

2. Such account shall consist of revenues from all taxes, interest, and penalties imposed by article twenty-one-B of the tax law.

3. On or before the first day of February each year, the comptroller shall certify to the governor, temporary president of the senate, speaker of the assembly, chair of the senate finance committee and chair of the assembly ways and means committee, the amount of money deposited in the carbon tax revenue fund during the preceding calendar year as the result of revenue derived pursuant to article twenty-one-B of the tax law.

4. Monies of the fund may be invested by the state comptroller and income from such investments shall be credited to the fund.

5. Monies of the fund shall be appropriated by the legislature and paid out pursuant to the terms of such appropriation.

JUSTIFICATION:

Global warming is a reality and its impacts are only exacerbated by carbon emissions. New York needs to lead the United States by example and reduce its carbon emissions. By creating a disincentive for carbon emissions, a carbon tax will signal the marketplace to further develop alternative fuel resources, such as renewables and storage, by making them more cost-effective. By creating a price signal for increased production of alternative energy resources, this carbon tax will reduce potential negative health effects and environmental harms. In addition, this disincentive for fossil fuels will stimulate the development of a new fuel industry and create an incentive for new technology and better efficiency. According to the Intergovernmental Panel on Climate Change, countries and humans have just 12 years to alter energy infrastructure before the effects of human-caused global warming are permanent. As a state, it is the responsibility of New York to limit its harmful carbon emissions, in an attempt to reverse human-induced climate change.

FISCAL IMPLICATIONS:

This bill will create revenues, collected from fossil fuel distributors. This proposed legislation has the potential to earn an additional millions of dollars in revenue per year. In addition, the bill may reduce societal health costs and environmental costs by reducing carbon emissions, which cause negative health conditions and environmental harm.

EFFECTIVE DATE:

The law will go into effect one year after passage.