

STATE OF NEW YORK

2579

2023-2024 Regular Sessions

IN SENATE

January 23, 2023

Introduced by Sens. PARKER, BAILEY, BRESLIN,  
HARCKHAM, HOYLMAN-SIGAL,  
KAVANAGH, KRUEGER, LIU, MYRIE, SANDERS,  
SEPULVEDA, SERRANO -- read  
twice and ordered printed, and when printed  
to be committed to the  
Committee on Budget and Revenue

AN ACT to amend the tax law, in relation to  
establishing a tax on  
carbon-based fuels to mitigate greenhouse  
gas emissions causing  
anthropogenic climate change

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

1 Section 1. The tax law is amended by adding a new  
article 12-B to read

2 as follows:

3

ARTICLE 12-B

4

TAX ON CARBON-BASED FUELS

5

Section 289-g. Definitions.

6           289-h. Administration of emissions charges.  
7           289-i. Carbon dioxide emissions tax.  
8           289-j. Carbon dioxide emissions fund.  
9           289-k. Regulations.  
10        § 289-g. Definitions. For the purposes of this  
article, the following  
11        terms shall have the following meanings:  
12        1. "Carbon-based fuel" means coal, natural gas,  
renewable biomass,  
13        petroleum products, and any other product that  
contains carbon and emits  
14        carbon dioxide, methane, nitrous oxide, or other  
greenhouse gases when  
15        combusted, that are used for fuel, heating,  
cooling, or industrial proc-  
16        esses, which processes shall include electricity  
generation.  
17        2. "Carbon-generated electricity" means electric  
energy produced using  
18        a carbon-based fuel that is generated or  
transmitted by an electric  
19        power facility.  
20        3. "Carbon dioxide equivalent" means a unit of  
measure denoting the  
21        amount of emissions from a greenhouse gas,  
expressed as the amount of  
22        carbon dioxide by weight that produces the same  
global warming impact.

EXPLANATION--Matter in italics (underscored) is new; matter in brackets [-] is old law to be omitted.

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1        4. "Carbon dioxide emissions tax" means a tax  
imposed on each ton of  
2        carbon dioxide equivalency.  
3        5. "Fuel distributor" means any person, firm,  
association or corpo-  
4        ration, that imports or causes to be imported into  
the state, for use,

5 distribution, storage or sale within the state, any  
6 carbon-based fuel as  
7 defined in subdivision one of this section; and  
8 also any person, firm,  
9 association or corporation that produces,  
10 refines, manufactures or  
11 compounds carbon-based fuel within the state.

12 6. "Fund" means the carbon dioxide emissions  
13 fund established by this  
14 article.

15 7. "Motor vehicle fuel" means fuel for the  
16 operation of a motor vehi-  
17 cle.

18 8. "Utility" means any such gas corporation,  
19 electric corporation, gas  
20 and electric corporation, steam corporation,  
21 municipality, or any entity

22 that, in any manner, sells or facilitates  
23 the sale, furnishing or  
24 provision of gas or electronic commodity to  
25 residential customers;

26 provided, however, that the term shall not include  
27 any municipality that

28 is exempt from regulation by the public service  
commission pursuant to

paragraph g of subdivision five of section one  
thousand five of the  
public authorities law.

§ 289-h. Administration of emissions charges.

The department of envi-

ronmental conservation shall administer the  
schedules of carbon dioxide

emissions charges and the carbon dioxide  
emissions fund, both estab-

lished pursuant to this article. Such tax shall be  
imposed on each fuel

distributor and utility at a rate and schedule to  
be determined by the

department of environmental conservation in  
accordance with section two

hundred eighty-nine-i of this article for a  
carbon-based fuel that is

either:

29 1. sold by a fuel distributor to consumers in  
30 this state in the previ-  
31 ous calendar year; or  
32 2. used to produce carbon-generated electricity  
33 that is supplied by a  
34 utility to consumers in this state in the previous  
35 calendar year.  
36 § 289-i. Carbon dioxide emissions tax. 1.  
37 The department and the  
38 department of environmental conservation shall  
39 establish a carbon diox-  
40 ide emissions tax on the distribution or sale  
41 of carbon-based fuels  
42 which shall be no less than thirty-five dollars per  
43 ton of carbon diox-  
44 ide equivalency and shall increase by fifteen  
45 dollars per ton of carbon  
46 dioxide equivalency annually to a maximum of one  
47 hundred eighty-five  
48 dollars per ton of carbon dioxide equivalency.  
49 2. In the fourth year of implementation, and  
50 biannually thereafter,  
51 the department of environmental conservation shall  
52 publish a report for  
53 the legislature and shall post the report on an  
54 internet website acces-  
55 sible to the public. Such report shall consider  
56 whether any increases or  
57 decreases in the carbon dioxide emissions tax as  
58 authorized by this  
59 section are recommended to account for inflation,  
60 and to ensure progress  
61 towards reaching emissions levels to mitigate  
62 climate change in further-  
63 ance of established state policy.  
64 3. The department shall determine total taxable  
65 emissions annually for  
66 each distributor or utility using the carbon  
67 dioxide equivalent for each  
68 carbon-based fuel based on information that  
69 shall be provided in an  
70 annual report to the department by the distributor  
71 or utility about the

52 amount of carbon-based fuel or carbon-  
53 generated electricity sold to  
54 consumers within the state during the preceding  
55 calendar year. Such  
annual report shall also include any information  
required by the depart-  
ment by rule or regulation.  
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1 4. The department and the department of  
2 environmental conservation  
3 shall be authorized to develop any rule or  
4 regulation necessary to  
5 collect and administer the carbon dioxide emissions  
6 tax authorized under  
7 this article.  
8 5. Notwithstanding any general or special law to  
9 the contrary, the tax  
10 authorized under this section shall not be  
11 imposed on any carbon-based  
12 fuel or source of carbon-based electricity if such  
13 imposition is super-  
14 seded by federal law or regulation.  
15 § 289-j. Carbon dioxide emissions fund. 1. The  
16 department of environ-  
17 mental conservation shall establish the carbon  
18 dioxide emissions fund,  
19 and the department's office of climate change  
20 shall serve as the fund's  
21 administrator. The department of environmental  
22 conservation shall depos-  
23 it all proceeds collected in accordance with  
24 section two hundred eight-  
25 y-nine-i of this article into the fund. No  
26 such proceeds shall fund  
27 government operations of the state, other than to  
28 pay for reasonable  
29 administrative costs as provided under subdivision  
30 two of this section.  
31 2. The office of climate change shall return  
32 sixty percent of all  
33 carbon dioxide emissions charge proceeds to very  
34 low to moderate income

19 residents of the state in the form of tax credits  
20 in order to offset the  
21 regressive nature of such fees. The amount of such  
22 credit shall be based  
23 on estimates and averages of expense and  
24 consumption trends for very low  
25 to moderate income residents determined by the  
26 office of climate change  
27 in conjunction with the department in  
28 accordance with section two  
29 hundred eighty-nine-k of this article. Such credit  
30 shall be progressive-  
31 ly issued to very low to moderate income  
32 residents. Such income catego-  
33 ries shall mean those with income below fifty  
34 percent for very low  
35 income residents, income between fifty and eighty  
36 percent for low income  
37 residents, and income between eighty-one and one  
38 hundred fifteen percent  
39 for moderate income residents, of the area median  
40 income as determined  
41 by the department of housing and urban development.  
42 3. The office of climate change shall distribute  
43 evenly the remaining  
44 forty percent of proceeds of such fund in order  
45 to support the transi-  
46 tion to one hundred percent clean energy in the  
47 state, to support mass  
48 transit to reduce carbon emissions, and to improve  
49 climate change adap-  
50 tation. Such funds shall include but not be  
51 limited to payments and  
52 subsidies for renewable energy, energy conservation  
53 and efficiency meas-  
54 ures, improvements in infrastructure,  
55 improvements in mass transit  
56 capacity, agricultural adaptation measures,  
57 protection of low-lying  
58 areas including coastlines, and emergency  
59 responses to extreme weather  
60 events.  
61 § 289-k. Regulations. 1. The department and  
62 department of environ-

42 mental conservation shall promulgate such rules and  
regulations as shall

43 be necessary to implement the provisions of this  
article.

44 2. The department and the department of  
environmental conservation

45 shall undertake all reasonable efforts to collect  
charges authorized

46 pursuant to this article at the first point of  
distribution or sale

47 within the state.

48 § 2. This act shall take effect on the ninetieth  
day after it shall

49 have become a law. Effective immediately, the  
addition, amendment and/or

50 repeal of any rule or regulation necessary for  
the implementation of

51 this act on its effective date are authorized to be  
made and completed

52 on or before such effective date.