

STATE OF NEW YORK

1528

2025-2026 Regular Sessions

IN SENATE

January 10, 2025

Introduced by Sens. PARKER, ADDABBO, BAILEY,
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.

LBD04482-01-5

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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.