



Testimony of Reinvent Albany for the Joint Legislative Hearing on Environmental Conservation

January 27, 2021

Thank you for the opportunity to submit written testimony for this hearing.

Reinvent Albany advocates for transparent, accountable New York State government. This is the most important environmental oversight hearing of the year, and we ask this joint committee to consider two budget and spending issues that have a big impact on New York's environment.

First, we are deeply concerned about the blurring of the FY 2021 and 2022 budgets and the spending "withholding" process. We believe the legislature and public have been left in the dark about how much the governor has cut state funding for agencies, public authorities and specific programs and projects. The simple fact is the legislature does not know what the governor and his Division of the Budget are doing and is simply not a co-equal branch of government. However, we can deduce from news reports and budget updates that it is a myth that state funding has been cut equally and that all stakeholders are "sharing the pain." Like any budget, the COVID-19 budget process has produced winners and losers: Some agencies and authorities have been cut much more than others.

Unfortunately, the FY 2021 budget numbers have been "adjusted" from the adopted April 2020 budget, meaning that the Governor has moved the goalposts or baselines for reviewing funding decisions. Blurring budget years makes state spending incomprehensible and significantly reduces the accountability of the state government.

Second, Reinvent Albany asks this committee, the legislature and the governor to end state tax abatements and other subsidies that encourage the consumption of fossil fuels and directly contribute to global warming. We believe it is irrational for New York State to pass laws aimed at reducing greenhouse gas emissions while simultaneously subsidizing those emissions in the tax code.

Reinvent Albany supports the calls of the New York Public Interest Research Group and many other environmental advocates for the elimination of the following subsidies:

- **Sales and Use Tax**
 - Fuel, gas, and coal used in research and development or production of tangible foods for sale (\$182 million).
 - Airline fuel (\$118 million).
 - Auto fuel over \$2 a gallon (\$85 million). Repeal of this subsidy is also supported by the Citizens Budget Commission and New York League of Conservation voters.
 - Gas and electric distribution infrastructure (\$8 million).
 - Fossil fuel industry services when installing, maintaining, repairing, or servicing property and land used for oil and gas production (\$1 million).
- **Petroleum Business Tax**
 - Kerosene and liquid petroleum gases (\$77 million).
 - Sales of petroleum products to governments or for manufacturing, commercial gallonage, and non-residential heating (\$66 million).
 - Credits, refunds and reimbursements for governments, electric utilities, manufacturing, commercial gallonage, mining or extracting, non-residential heating, and bad debts (\$4 million).
 - Exemption for airlines that offer direct flights for or more cities within New York states (\$2 million).
- **Corporate Franchise Tax**
 - Fossil fuel power producers and pipeline companies (\$2.3 million).

Lastly, state “withholding” cuts have forced many state agencies and nonprofits to layoff staff and slash programs. Meanwhile, state tax abatements for fossil fuel are not subject to any kind of “withholding” process. Why is New York State paying for pollution while New Yorkers are suffering from cuts in state aid during a historic budget crisis?

Thank you again for the opportunity to testify. Please contact Tom Speaker at tom [at] reinventalbany.org should you have any questions.