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Testimony
Joint Budget Hearings on Environmental Conservation
Senate Finance Committee and Assembly Ways and Means Committee
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I. Introduction: The State Budget Must Be Equal to the Climate Crisis and the Rejection of Climate Action by President Trump and the New Congressional Majority

Chairpersons Krueger and Pretlow and other members of the Senate Finance and Assembly Ways and Means committees: my name is Bob Cohen. I am the Policy Director of Citizen Action of New York (“Citizen Action”), a grassroots organization with thousands of members in eight chapters and affiliates throughout the state, located in Buffalo, Rochester, Binghamton, Syracuse, Albany, Kingston, New York City, and Long Island. A significant percentage of our membership, leadership and staff are people of color, and we organize in some of the most distressed neighborhoods in our state.

Citizen Action is a Steering Committee member of NY Renews, a statewide coalition of nearly to 400 organizations that led the fight for the 2019 passage of the Climate Leadership and Community Protection Act (“CLCPA” or the “Climate Act”). I also help to direct Climate Can’t Wait, a consortium of state climate organizations. Finally, Citizen Action has organized opposition to several proposed fossil fuel projects in New York, including projects that disproportionately impacted environmental justice communities, and participated in several Public Service Commission (PSC) proceedings on behalf of ratepayers.

Summary of Recommendations

In this testimony, Citizen Action recommends the following steps:

- the inclusion in the budget of significant new revenue this budget year to support climate transformation (section II);
- that the legislature call upon the governor to immediately release her long-awaited cap-and-invest regulations (section II);

- measures to ensure that the climate revenue generated is wisely spent to further the goals of the Climate Leadership and Community Protection Act (section III);
- the inclusion in the budget of penalty provisions for CLCPA violations (section III);
- that the budget include the Affordable and the Climate-Ready Homes Program and Community-Directed Grant Program proposed by NY Renewables and “GAP” funding legislation to make homes and buildings ready for electrification (section IV);
- the inclusion in the budget of NY HEAT (section V); and
- the inclusion of the Renewable Capitol Act in the budget, coupled with a \$150 million appropriation for construction work relating to decarbonizing the State Capitol and other state-owned buildings in downtown Albany (section VI).¹

As scientists worldwide have in recent years said with increasing alarm, we are facing a climate crisis that is becoming more urgent each year. Once again, 2024 was the world’s warmest year on record.² As I write this testimony, Los Angeles is just beginning to address the consequences of the fires that to date have directly claimed at least 28 lives, a number that is almost certain to rise. The reconstruction and repair work needed will undoubtedly take years and cost government on all levels billions of dollars. Los Angelenos are now joining the countless Americans whose lives have been taken or seriously impacted by climate disasters, from the 47 Buffalo area residents that died in the storms of 2022, to the millions of New York City metro area residents who saw orange rather than blue skies last year due to the Canadian wildfires.³ As the Climate Action Council (CAC), created under the CLCPA, has told us, **if we continue on the current path, the impacts on millions of New Yorkers will undoubtedly become ever greater, imposing massive costs on state and local government, and on members of the public.**⁴

The implications are clear: the Legislature and the Governor must take actions equal to the crisis we face. The Governor’s Executive Budget clearly fails in this regard. **That also includes funding commensurate with the crisis we face -- this year.**

¹ As further developed in section VI, the \$150 million is the amount of a recommendation of a study done on behalf of New York State.

² National Oceanic and Atmospheric Administration, “2024 is the warmest year on record, (January 10, 2025), [https://www.noaa.gov/news/2024-was-worlds-warmest-year-on-record#:~:text=It's%20official%3A%202024%20was%20the,extent%20\(coverage\)%20on%20record..](https://www.noaa.gov/news/2024-was-worlds-warmest-year-on-record#:~:text=It's%20official%3A%202024%20was%20the,extent%20(coverage)%20on%20record..)

³ NBC News, “What we know about the victims killed in the California wildfires, (January 17, 2025), <https://www.nbcnews.com/news/us-news/california-wildfires-what-we-know-victims-killed-rcna188240>; News 10, “Remembering the Buffalo blizzard that killed 47 people last winter (December 21, 2023), <https://www.whec.com/top-news/remembering-buffalo-snowstorm-that-killed-47-people-a-year-ago/>

⁴ New York State Climate Action Council, “New York State Climate Action Council Scoping Plan” (December 2022), <https://climate.ny.gov/-/media/project/climate/files/NYS-Climate-Action-Council-Final-Scoping-Plan-2022.pdf> (“Scoping Plan”).

II. The State Budget Must Generate Significant New Revenue this Budget Year to Support Climate Transformation

It is undeniable that fully addressing the climate crisis and environmental injustice in New York will cost tens of billions of dollars in private *and* public investments. Government was central to so many other past major transformations of the U.S. economy, including the Internet, broadband, and the interstate highway system, both through funding and regulatory changes. Seriously addressing the climate crisis will be no different. And some necessary components of the transition to a renewable energy economy, like expanding public transportation and providing subsidies to electrify the homes of low-income New Yorkers (owners and tenants), simply cannot happen without massive governmental investments. An analysis by the CAC, the task force of agency heads and public members formed to meet the CLCPA greenhouse gas (GHG) reduction targets, found that it would take \$10 billion in investments each year to meet the state's climate goals.⁵ The Executive Budget proposal to add \$1 billion in climate spending over a five-year period is a pittance in light of the demonstrated need.

We praise the governor and the legislature for enacting the Climate Change Superfund Act last year, but it is important to remember that the Act will fund climate *remediation* and *resiliency* -- *past* harms to our physical infrastructure from severe weather change and protecting our infrastructure from future harms. The bill is therefore not a substitute for generating other sources of funds to enable the state to meet the CLCPA GHG emissions reduction targets (e.g., heat pumps in buildings and electric buses) to make our state's transition to renewables equitable for all New Yorkers, or to make energy affordable for New York consumers.

Two recent developments have made large increases in new revenue through the budget and for related needs like quality green housing even more urgent. First, the Governor in her State of the State shockingly signaled that her long awaited cap-and-invest program -- which was projected to raise several billion dollars this budget year -- will be delayed for an indeterminate amount of time.⁶ Second, the new President and Congressional majorities in both houses of Congress have indicated a desire to cut back and even repeal all or significant portions of the Inflation Reduction Act, putting hundreds of millions of dollars of direct climate subsidies to New York governmental entities, consumers and businesses to transition to a renewable energy economy at risk.

We urge legislative leadership and individual legislators to call upon the Governor to immediately move forward with the issuance of her proposed cap-and-invest regulations,

⁵ NY Renew Press Release, "Analysis shows urgent climate action would have significant economic benefits for NYS" (October 19, 2021), <https://www.nyrenews.org/news/2021/10/19/analysis-shows-urgent-climate-action-would-have-significant-economic-benefits-for-nysnbsp>.

⁶ Politico Pro, "Hochul punts on cap-and-trade style climate funding program" (January 14, 2025, updated January 25, 2025), <https://subscriber.politicopro.com/article/2025/01/gov-hochul-punts-on-cap-and-trade-style-climate-funding-program-00198128>.

originally projected to be released at the end of this month. The CLCPA mandated that the final regulations be issued by January 1, 2024.⁷ The governor did not explain her delay in moving forward with the proposed regulations.

Ironically, the governor has talked again and again about increasing affordability for New Yorkers, yet she is delaying a program that a new study found could result in net savings for so many New Yorkers, especially if the payments or rebates to consumers planned for the program are targeted by region and income.⁸ And as discussed in section V, she has also left out NY HEAT out of her Executive Budget, which has an important affordability provision.

Whatever the status of cap-and-invest, we must find additional sources of revenue, as the climate crisis is much too acute to delay any longer. Even the \$3 billion originally projected to be raised this budget year from cap-and-invest was inadequate given the need. There are at least two significant additional sources of revenue available to fund the climate, outlined below. These are just examples: Citizen Action welcomes the opportunity to discuss additional revenue sources.

Invest in Our New York Bill Package: Citizen Action strongly supports the Invest in Our New York (IONY) package, which would raise well over \$40 billion to support our state’s most urgent needs, including climate transformation. The package contains five bills to: 1) extend and strengthen the 2021 corporate tax reforms (A3690, Kelles/S1890, Hoylman-Sigal);⁹ 2) restructure the personal income tax (PIT) to make the tax code more progressive and to raise revenue from the state’s top 5% of earners (A3115, Meeks/S2059, Jackson); 3) create an “heirs tax” (A3193, Solages/S2782, Brisport); 4) change the structure of the state capital gains tax (A2576, Kim/S2162, Rivera); and 5) establish a “mark-to-market Billionaires’ Tax” that taxes increases in the stocks and investment portfolios of high-income New Yorkers (A3252, Kelles/S1570, Ramos). We are deeply disappointed that the Governor has once again failed to propose significant measures to raise taxes this year on the wealthy. We hope the Senate and the Assembly together will resist this misguided thinking, as they have done in the past.

Stop Climate Polluters Handouts Act: Citizen Action also strongly supports the Stop Climate Polluter Handouts Act (A7949, Simon/S3389, Krueger), which would repeal certain fossil fuel-related tax expenditures and credits, and limit fossil fuel-related companies from participating in certain economic development programs. While GHG emissions from the fossil fuel industry warm the planet and pollute communities, oil companies reap enormous profits. Specifically, the industry made a record-breaking \$215 billion in profits in 2023, with several of its biggest players

⁷ Environmental Conservation Law (ECL) § 75-0109(1).

⁸ Resources for the Future, “New York State’s Cap-Trade-and-Invest Program Can Financially Benefit Many Households” (January 13, 2025), <https://www.rff.org/news/press-releases/new-york-states-cap-trade-and-invest-program-can-financially-benefit-many-households/>.

⁹ Except as otherwise noted, all bill numbers in this testimony are for the 2024 legislative session.

like ExxonMobil, Shell and BP more than doubling their profits. Yet, New York provides oil and gas companies with over \$1.6 billion in tax handouts annually, in the form of tax breaks, credits, subsidies, and refunds to support all stages of the oil and gas industry, including fuel production, transportation and storage. With the climate crisis, fueled by these companies, threatening our communities, continuing to subsidize them is unacceptable. The bill would eliminate over \$300 million in tax breaks annually currently given to the fossil fuel industry.

III. The Legislature Should Ensure That the Any Climate Revenue Generated Is Wisely Spent to Further the Goals of the CLCPA and that the CLCPA Has Adequate Penalties

In addition to providing adequate funding for climate transformation, the governor and the legislature have the responsibility to ensure that the funds generated and appropriated for climate are in fact used for purposes consistent with the CLCPA and are not diverted for other purposes. Thankfully, at least two protections already exist in statute to make sure climate spending is spent wisely: the “investment mandate” provision of the CLCPA, which requires that 35% of energy funds be devoted to benefit disadvantaged communities,¹⁰ and the 2023 establishment of the Climate Action Fund (CAF), which requires that climate spending meet certain requirements, like labor standards and oversight by the State Comptroller. The CAF provision also mandates that at least 67% of revenue raised be deposited in a Climate Investment Account to assist the state to transition to a renewable energy economy, and that at least 30% of revenue be deposited in a Consumer Climate Action Account to provide energy rebates, cushioning the transition to renewables for New York consumers.¹¹

Cap-and-Invest Guardrails Bill: While the cap-and-invest regulations have been delayed, the New York State Energy and Research Authority (NYSERDA) and the Department of Environmental Conservation (DEC) have already signaled that the upcoming regulations if issued are likely to contain loopholes that will undermine the goals of the CLCPA to the detriment of New Yorkers, particularly those living in disadvantaged communities. Particularly concerning is the likelihood that these two agencies will allow the trading of allowances, allowing businesses to “pay to pollute,” thus putting low-income communities and communities of color disproportionately at risk. To avoid these loopholes, we therefore recommend that both houses of the legislature step in and include in their “one-house” budgets legislation sponsored by Assemblymember Kelles and Senator Parker (A8469/S9228), which would, among other things, prohibit allowances from being traded, sold, exchanged or otherwise transferred once granted. We are aware that some members of the legislature may have been reluctant to support such legislation last session because they

¹⁰ ECL § 75-0117.

¹¹ State Finance Law § 99-QQ; Public Authorities Law § 1854(25).

wanted to see the proposed cap-and-invest regulations first, but the administration’s indefinite delay of the release of the regulations makes legislative action this session essential.

Penalty Provisions for CLCPA Violations: The Kelles/Parker bill has one other provision that we strongly recommend be included in the budget, a penalty provision.¹² The CLCPA has a major gap in that it does not impose penalties on businesses that do not comply with any regulations it mandates, and penalties must be set by statute. We therefore recommend that the legislature at a minimum pass in 2025 “placeholder” enforcement provisions providing for penalties for violations of emissions limits established by DEC or other state agencies,¹³ whether instituted as part of cap-and-invest or of other statutory provisions added to the CLCPA that impact on GHG emissions, like, for example, the existing mandate for electric vehicle sales. Further, the Attorney General, who already has general authority to enforce the state’s laws through civil actions¹⁴ and a long history of aggressive environmental enforcement, should be given explicit statutory authority to enforce the state’s GHG emissions limits in addition to DEC.

IV. Citizen Action Supports the Affordable and Climate-Ready Homes Program and Community-Directed Grant Programs Advanced by NY Renews

Citizen Action supports the inclusion of two programs in the final state budget championed by NY Renews to direct funding to the buildings sector, almost certainly the sector of our state economy that is the highest priority to address. **Quite simply, we must subsidize the transition of our buildings sector away from fossil fuels for homeowners and rental housing if we are to meet the CLCPA targets.** The two programs are the Affordable Climate-Ready Homes Program and the Community-Directed Grants program. Together these two programs would ensure benefits to environmental justice communities and promote affordability for consumers throughout the state.

Affordable Climate-Ready Homes Program: There are over 6 million buildings in New York State, including 7.4 million households. The buildings section is the largest source of emissions statewide, comprising 32% of emissions as of 2019 (and some estimates put it even higher). The integration analysis done for the CAC indicated that:

energy efficiency and managed electrification in buildings will be critical to meet New York State’s GHG emissions limits under the Climate Act. All scenarios modeled in the integration analysis include the rapid adoption of high-efficiency heat pumps...Switching

¹² This penalty provision in A8469/S9228 appears in section 8 of the bill.

¹³ Section 8 of the CLCPA explicitly authorizes and directs all state agencies to “promulgate regulations to contribute to achieving the statewide greenhouse gas emissions limits” in the CLCPA.

¹⁴ See Executive Law § 63(12).

from fossil fuels to heat pumps for heating and hot water will immediately and significantly reduce GHG emissions and criteria pollutants from buildings.¹⁵

As the CAC further states, “[m]odern heat pumps “that work in very cold weather are commercially available and able to keep homes and businesses safe and comfortable year-round, as long as they are properly chosen, sized, installed by appropriately trained workers.”¹⁶ As a homeowner who had an air source heat pump installed in 2023, I can attest that our heat pump kept our home warm during the subzero temperatures upstate New York recently experienced. (And heat pumps keep you cool in summer too!)

However, it is undeniable that heat pumps often involve greater upfront costs for homeowners and building owners of tenant-occupied buildings. Providing subsidies to enable homeowners and landlords to transition to energy-efficient homes heated and cooled by heat pumps is a central goal of the Affordable Climate-Ready Homes Program (ACRHP) proposed by NY Renews. ACRHP will prioritize building decarbonization for low- and moderate-income households. In addition to addressing the climate crisis, it will increase the health of residents, increase energy affordability and stabilize energy for consumers, and grow and diversify the unionized clean energy workforce in our state.

Gap Funding: Citizen Action also believes that legislation to establish a green affordable pre-electrification (GAP) program should be included in the budget, as proposed in a bill sponsored in 2024 by Assemblymember Kelles and Senator Gonzalez (A9170/S8535). The Program would fund and provide technical assistance for homes and buildings in need of a wide range of currently unfunded retrofits necessary for healthy buildings and achievement of New York’s climate mandates. All too many building owners (in both owner occupied and rental housing) are presently unable to participate in energy efficiency and weatherization programs, because some residential buildings need “pre-electrification” rehabilitation work before they can do so. Removing mold, lead, pests, and other hazards can have life-changing positive health impacts for residents, especially children, older adults, and others vulnerable to respiratory issues. This work is often too costly for many homeowners and building owners to take on without state funding.

Community-Directed Grants Program: Citizen Action also supports NY Renews’ proposal for a community-directed program to provide grants to community-based organizations in disadvantaged communities, enabling those communities to design and implement community-led pollution projects based on the needs of their communities, including the meeting of CLCPA targets. Right now, the state has no specific program to support such community-led plans and

¹⁵ Scoping Plan, at 175.

¹⁶ *Id.*

projects. We agree with NY Renewables that this program should have strict climate spending criteria, including reducing climate emissions, reducing co-pollutants (producing demonstrable public health benefits), and meeting the job development standards and economic development requirements the legislature mandated when it created the Climate Action Fund.

V. NY HEAT Must Be Included in the Final Budget

Citizen Action joins NY Renewables, the Renewable Heat Now coalition and all or virtually all of the major climate groups in New York State in calling upon the legislature and the governor to include each of the provisions in the NY Home Energy Affordable Transition (NY HEAT) Act (A4592, Fahy/S2016, Krueger) in the final state budget in order to ensure that the state Public Service Commission (PSC) fully aligns its policies in regard to utility regulation with the CLCPA. NY HEAT mandates that the PSC make its regulation of electric and gas service in our homes and businesses consistent with the CLCPA, including through modifying the present mandate to provide gas service to all customers upon request, known as the “obligation to serve.” And the bill mandates regular GHG emissions reduction targets for each gas utility.

Citizen Action and other climate and consumer advocates have experienced again and again -- particularly through participation in rate cases -- the reluctance of the PSC and the Department of Public Service staff to take aggressive action to move off gas, despite the CLCPA’s clear direction that all state agencies and other entities must contribute to reducing GHG emissions.¹⁷ It is particularly confusing and concerning that the Governor chose not to include NY HEAT in her Executive Budget this year, especially given that she proposed some elements of NY HEAT in last year’s Executive Budget and that the governor and legislative leaders conducted significant negotiations on the bill at the end of last session.

Finally, NY HEAT would promote energy affordability by limiting low- and moderate-income residential customers’ bills to 6% of their household income. If enacted, NY HEAT will eliminate the costly requirement that ratepayers pay to expand fossil fuel infrastructure, lowering utility bills by about \$75 a month for those least able to pay while fighting climate change and reorienting the PSC’s mission away from favoring the gas buildout. The governor and the legislature must resist lies by industry front groups like New Yorkers for Affordable Energy that the bill requires people right now to give up their functioning gas stoves.

¹⁷ See, e.g., CLCPA § 8 (PSC and other state agencies and entities must issue regulations “to contribute to achieving the statewide greenhouse gas emissions limits” in the CLCPA).

VI. The Renewable Capitol Act Should Be Included in the Budget and Up to \$150 Million Provided to Fund the Decarbonization of the State Capitol and Other State-Owned Buildings in Downtown Albany

It is critical that New York prioritize decarbonizing state operations, including electrifying public buildings owned and operated by the State. Decarbonizing state operations can provide models for private parties to follow while helping to meet the state’s climate goals.

Citizen Action strongly recommends that the State start with state-owned buildings in downtown Albany that have long been powered by the Sheridan Avenue Steam Plan (SASP), owned and operated by the state. This would address the climate crisis while seeking to rectify a long history of environmental racism by the State, including the placement of fossil fuel facilities and a trash-to-steam plant in an environmental justice community. In September of 2019, after years of opposition by local organizations, including SHARE (Sheridan Hollow Alliance for Renewable Energy) and Citizen Action, the New York Power Authority (NYPA) and the Office of General Services (OGS) abandoned their plans to install two gas-fired turbines at state-owned facilities on Sheridan Avenue, that were intended to heat and cool the Capitol and Empire State Plaza (ESP). The agencies also took some limited steps to lower the carbon footprint of the Capitol building and ESP¹⁸ and subsequent state budgets, including Governor Hochul’s FY 2025-26 budget, provided funding to move the facilities towards renewables.

However, on January 30th, the Hochul administration disappointed us when, during her Fiscal Year (FY) 2024-25 Executive Budget testimony, OGS Commissioner Jeanette Moy made a weak commitment to reduce GHG emissions at Empire State Plaza by 50% within ten years, coupled with a vague promise to “examine opportunities to achieve full decarbonization long-term.”¹⁹ The OGS plan does not go far enough: it proceeds far too slowly, and does not meet the CLCPA greenhouse gas emissions reduction mandates. By way of comparison, the State of Michigan recently took 18 months to take all the steps to fully decarbonize its state capitol building by installing a geothermal energy system, following Oklahoma and Colorado. It is hard to see how New York State can expect private parties to meet the emissions reduction mandates in the CLCPA when the State itself is not committing to meet the CLCPA targets as to its own facilities. It frankly should embarrass all of us that states like Oklahoma are moving faster than New York, which rightly considers itself a climate leader among the states. Further, ten years to do

¹⁸ See SHARE Blog Post, “Progress Toward Powering the Empire State Plaza with Renewable Energy” (February 13, 2022), <https://sharealbany.org/2022/02/13/progress-toward-powering-the-empire-state-plaza-with-renewable-energy/>.

¹⁹ See SHARE Press Release, “Climate Groups Urge Lawmakers to Commit to Convert State Capitol to 100% Renewable Energy Following OGS Budget Testimony” (January 31, 2024), <https://sharealbany.org/2024/01/31/climate-groups-urge-lawmakers-to-commit-to-convert-state-capitol-to-100-renewable-energy-following-ogs-budget-testimony/> (linking to Commissioner Moy testimony at the January 30, 2024 economic development joint budget hearings).

half the job of full electrification is far too long to address the historic harms to the surrounding environmental justice community.

The OGS announcement was followed by the release this past May of the flawed Empire State Plaza Energy Infrastructure Master Plan, which did not study decarbonization of the State Capitol or Alfred E. Smith Building, and put off for years any consideration of whether it could or would convert the heating systems of the Capitol complex to geothermal heating.²⁰ The design and scope of this study, performed by the Ramboll firm for the state, did not have the input of SHARE, local residents, or area governmental officials. This incomplete study should not be the primary guide for decarbonizing the state facilities in downtown Albany.

Instead, we along with SHARE are calling on the State to go further and operate area State buildings entirely on renewables in a much more rapid fashion than the Commissioner and the Ramboll study suggests and to make a legally binding commitment to decarbonize. Specifically, we join SHARE in calling for the legislature and governor to include the Renewable Capitol Act (RCA; A5633, Fahy/S2689, Breslin)²¹ in the final state budget. The bill mandates that the state facilities in downtown Albany powered by SASP, including the Empire State Plaza, the State Capitol building, the State Museum, and the Alfred E. Smith Building receive their electric power, and heating and cooling from 100% renewable energy within three years, after a planning process with local community input. Further, the FY 2025-26 budget should contain an appropriation of up to \$150 million to establish a thermal energy network (geothermal) for Empire State Plaza.²²

In closing, I would like to thank you on behalf of Citizen Action for the opportunity to offer our views on climate policies and the state budget. Should either of your committees or any members want more information on these issues, please feel free to contact me at bcohen@citizenactionny.org or at 518-265-6183.

²⁰ SHARE Blog Post, “Update: NY’s Next Step in Reducing Emissions from Plaza Needs to Go Further” (September 7, 2024), <https://sharealbany.org/2024/09/07/update-nys-next-step-in-reducing-emissions-from-plaza-needs-to-go-further/>.

²¹ The RCA was reintroduced for the 2025 session in the Assembly on January 27th as A3466 (Romero); Senate reintroduction is forthcoming.

²² The \$150 million cost figure taken from the Ramboll Study. It may be that significantly less is needed in FY 2025-26.