



Representing New York's Heating Fuels Industry

2017 NYSEC LEGISLATIVE PRIORITIES

CONSUMER TAX CREDITS

The two tax credit items would replicate programs that were previously authorized and funded by the Legislature through the annual state budget process, but were allowed to lapse over a decade ago. While it is envisioned that the fiscal impact to the state of each program would be relatively modest: .i.e. \$1 million for each per year ...these state tax credits would allow members of the Oil Heat Institute of Long Island (OHILI) and New York Oil Heating Association (NYOHA) to market oil tank and heating system replacements in conjunction with their existing NORA-funded "Upgrade and Save" consumer rebate programs, thus providing homeowners with a total incentive of \$1,000 for either upgrade or \$2,000 if both the oil tank and heating system were upgraded at the same time.

HEATING OIL TANK REPLACEMENT TAX CREDIT

Providing homeowners with a \$500 tax credit for the removal or permanent closure and installation of a below-ground or above-ground residential fuel oil storage tank used to provide heating fuel for single to four-family residences located in the state. Legislation was introduced in the previous legislative session, but did not receive the full active support of the home heating oil industry during the Budget process. OHILI, NYOHA and HVOHC currently provide a \$500 tank replacement rebate to homeowners who remove or permanently close and install a new UST or AST. This potential state tax credit would double the incentive to homeowners.

HEATING OIL SYSTEM REPLACEMENT TAX CREDIT

Similar to the heating oil tank replacement tax credit, a \$500 heating oil system replacement tax credit would go a long way in helping homeowners upgrade their older, less efficient heating systems, which are on average 20-30 years old, with new, energy efficient appliances that will not only help conserve fuel use, but will also substantially reduce consumer's costs of heating their homes. Such a program to reduce the use of fossil fuels through enhanced energy efficiency is also squarely in-line with NYS objectives in the areas of energy efficiency and environmental enhancement.

FILL PIPE CLOSURE ON CONVERSIONS

New York State (NYS) Building Code requires that upon a conversion from heating oil, the heating oil system fill pipe be either removed or abandoned-in-place and that the fill pipe be filled with concrete, capped or otherwise permanently sealed to prevent any erroneous deliveries. Furthermore, NFPA 31, Sec. 7.13-14, also recommends removal or permanent closure of out-of-service oil tanks. NFPA-31, Sec.8.5.4 further requires fill-pipes and caps to be identified. However, there are still instances of erroneous deliveries as some utilities and contractors who perform conversions do not comply with the NYS Building Code.

To address the ongoing issue of erroneous deliveries, NYSEC will propose legislation that will have the NYS Public Service Commission (PSC) require the following:

- In the event of an oil-to-gas conversion or the hook-up of a new heating system to a home already served with natural gas, the homeowner/contractor shall ensure and certify that the provisions of the NYS Building Code relative to the abandonment of in-ground, above-ground or basement oil tanks are fully complied with; and, furthermore,
- That no gas service may be initiated in such residential or commercial facility until a qualified inspector from the local gas distribution company providing such gas service has certified in writing that the previously used oil tank has either been removed or appropriately abandoned in compliance with all applicable laws and regulations.
- Such certification shall be provided to the NYS Dept. of Environmental Conservation, or the City of New York, or any county agency which, having pre-empted the NYS Bulk Petroleum Storage Code (NYCRR Title 6), has jurisdiction in this area.

ELIMINATION OF THE NYS PETROLEUM BUSINESS TAX

Over 75,000 small businesses in New York State rely on heating oil for space heating and are subject to the petroleum business tax (PBT). The PBT rate is currently 5.2 cents-per-gallon plus applicable state and local sales tax. It should be noted, however, that natural gas used for space heating is not subject to the PBT. This tax on commercial heating oil needs to be eliminated. By eliminating the PBT on non-residential space heating, the state will help lower the operating costs for thousands of small businesses.

LIEN BILL

The Lien Law is intended to protect the value of services rendered to real property. Heating oil dealers provide a crucial service to commercial buildings and apartment buildings that use heating oil or kerosene as a source of heat, hot water, or for forms of energy or power. However, heating oil dealers are not permitted by law to file a lien against real property for non-payment of fuel deliveries. On the other hand, natural gas utilities do have the right to file liens and are paid owed bills. Thus, heating oil dealers are frequently unable to collect monies owed from commercial buildings for delivered heating oil either as a result of the transfer of ownership of a building or because the costs of recovery amounts owed through court proceedings outweigh the value of the monies owed. As a result, heating oil dealers are often denied remuneration for that fuel that they provide to nonpaying buildings. The shortfalls experienced by heating oil dealers, as a result of nonpayment, can lead to higher heating costs for all customers that do pay for their fuel oil bills.

NYSEC will propose legislation that would permit heating oil dealers to seek recovery of monies owed to them for the delivery of heating fuel or kerosene to commercial properties or large apartment buildings through the filing of a lien to collect for past delivered fuel oil. By allowing heating oil dealers to file a lien for oil delivered the legislation would correct the inequity created by the nonpayment by commercial building owners. Further, it will give oil dealers the ability to collect old past due oil bills particularly when the building is sold to a new owner.

BIODIESEL BLENDING REQUIREMENT

In an effort to help move the industry to a renewable home heating fuel, NYSEC supports a statewide biodiesel blending requirement of up to 5%. A renewable, biodiesel blended heating oil would provide not only a efficiency gains to the home heating system, but also help reduce the greenhouse gas emission across the entire spectrum of GHG emissions. As New York State has a 30% carbon reduction target by 2050, such a law would help bring along the home heating oil sector which, in many cases, will continue to serve approximately 25% of the households in the state.

Since 2012, New York City has had a 2% blending requirement and the NY City Council is currently debating legislation to extend that blending percentage to 5% in 2017, 10% in 2022, 15% in 2027 and 20% in 2032.

New York State has not yet followed suit even though efforts have been underway for several years to pass statewide blending requirement legislation. NYSEC supports legislation modeled after the Pennsylvania and Oregon statutes providing that in-state production attain certain levels prior to the blending requirement being implemented. Based on the state's heating oil usage of 1.2 billion gallons, the bill specifically would require 12 million gallons (1%) to trigger a 2% blending requirement and 30 million gallons (2.5%) to trigger a 5% blending requirement. However, the 2% blending requirement would be statewide and the 5% would be phased-in throughout the state with the Metropolitan New York area (NY City, Nassau, Suffolk, Rockland and Westchester counties) going first and then two years later the remainder of the state would follow in a 5% blending requirement.

NORA

The National Oilheat Research Alliance (NORA) is a national check-off program established in 2000. It provides funding equal to two-tenths of one cent per gallon of home heating oil sold nationally to help advance home heating fuel research & development (R&D), energy efficiency, technician and industry training, and consumer education. New York State is the largest consumer of home heating oil in the country. Advances in R&D and energy efficiency has allowed consumers to lower their home heating use by 40% over the past decade. Yes, NORA programs have helped consumers go from using 1,200 gallons to 700 gallons on-average per year.

Establishing a NYS NORA program at one-tenth of a cent per gallon would allow the home heating industry in New York to supplement the efforts afforded the industry from the federal program. Similar to the federal program, the NYS NORA proposal would provide for additional R&D, energy efficiency programs, industry training and consumer education.