

1362

2015-2016 Regular Sessions

I N   S E N A T E

January 12, 2015

---

Introduced by Sen. YOUNG -- (at request of the Legislative Commission on Rural Resources) -- read twice and ordered printed, and when printed to be committed to the Committee on Energy and Telecommunications

AN ACT to amend the tax law, in relation to biofuel production credit for production of cellulosic ethanol

THE PEOPLE OF THE STATE OF NEW YORK, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

1     Section 1. Section 28 of the tax law, as added by section 1 of part X  
2     of chapter 62 of the laws of 2006, subdivision (a) as amended by section  
3     1 of part K of chapter 59 of the laws of 2012, subdivision (d) as  
4     amended by section 46 of part A of chapter 59 of the laws of 2014, is  
5     renumbered section 38 and amended to read as follows:  
6     S 38. Biofuel production credit. (a) General. A taxpayer subject to  
7     tax under article nine, nine-A or twenty-two of this chapter shall be  
8     allowed a credit against such tax pursuant to the provisions referenced  
9     in subdivision (d) of this section. The credit (or pro rata share of  
10    earned credit in the case of a partnership) for each gallon of biofuel  
11    produced at a biofuel plant on or after January first, two thousand six  
12    shall equal fifteen cents per gallon OR TWENTY-FIVE CENTS PER GALLON FOR  
13    PRODUCTION OF CELLULOSIC ETHANOL after the production of the first forty  
14    thousand gallons per year presented to market. The credit under this  
15    section shall be capped at two and one-half million dollars per taxpayer  
16    per taxable year for up to no more than four consecutive taxable years  
17    per biofuel plant. If the taxpayer is a partner in a partnership or  
18    shareholder of a New York S corporation, then the cap imposed by the  
19    preceding sentence shall be applied at the entity level, so that the  
20    aggregate credit allowed to all the partners or shareholders of each  
21    such entity in the taxable year does not exceed two and one-half million  
22    dollars. The tax credit allowed pursuant to this section shall apply to  
23    taxable years beginning before January first, two thousand twenty.

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

LBD04527-03-5

(b) Definitions. For the purpose of this section, the following terms shall have the following meanings:

(1) "Biofuel" means a fuel which includes biodiesel and ethanol. The term "biodiesel" shall mean a fuel comprised exclusively of mono-alkyl esters of long chain fatty acids derived from vegetable oils or animal fats, designated B100, which meets the specifications of American Society of Testing and Materials designation D 6751-02. The term "ethanol" shall mean ethyl alcohol manufactured in the United States and its territories and sold (i) for fuel use and which has been rendered unfit for beverage use in a manner and which is produced at a facility approved by the federal bureau of alcohol, tobacco and firearms for the production of ethanol for fuel, or (ii) as denatured ethanol used by blenders and refiners which has been rendered unfit for beverage use. The term "biofuel" may also include any other standard approved by the New York state energy and research development authority.

(2) "CELLULOSIC ETHANOL" MEANS THE PRODUCTION OF ETHANOL FROM LIGNO-CELLULOSIC BIOMASS FEEDSTOCKS NOT USED FOR FOOD PRODUCTION THAT ARE ALTERED THROUGH ACTIVITIES REFERENCED IN SUBPARAGRAPH FIVE OF PARAGRAPH (B) OF SUBDIVISION ONE OF SECTION THIRTY-ONE HUNDRED TWO-E OF THE PUBLIC AUTHORITIES LAW. SUCH LIGNOCELLULOSIC BIOMASS FEEDSTOCKS MAY INCLUDE, BUT ARE NOT NECESSARILY LIMITED TO, SWITCHGRASSES OR WILLOWS, AGRICULTURAL AND FORESTRY RESIDUES, CLEAN WOOD AND WOOD WASTES, PULP AND PAPER MILL WASTES OR EXTRACTS, AND NON-RECYCLABLE PAPER. ANY QUESTION AS TO WHETHER ANY FEEDSTOCK QUALIFIES UNDER THIS PARAGRAPH SHALL BE DETERMINED BY THE PRESIDENT OF THE NEW YORK STATE ENERGY AND RESEARCH DEVELOPMENT AUTHORITY IN CONSULTATION WITH THE COMMISSIONER OF ENVIRONMENTAL CONSERVATION AND THE COMMISSIONER OF AGRICULTURE AND MARKETS.

(3) "Biofuel plant" means a commercial facility located in New York state at which one or more biofuels are produced. FOR THE PURPOSES OF THIS SECTION, ANY COMMERCIAL FACILITY WHERE CELLULOSIC ETHANOL IS PRODUCED SHALL BE CONSIDERED A SEPARATE BIOFUEL PLANT.

(c) Reporting requirements. A taxpayer wishing to claim a credit under this section shall annually certify to the commissioner (i) that biofuel produced at the eligible biofuel plant meets all existing standards for biofuel and (ii) the amount of biofuel produced at the eligible biofuel plant during a taxable year.

(d) Cross-references. For application of the credit provided for in this section, see the following provisions of this chapter:

(1) Article 9: Section 187-c.

(2) Article 9-A: Section 210-B, subdivision 24.

(3) Article 22: Section 606, subsections (i) and (jj).

S 2. Section 187-c of the tax law, as amended by section 2 of part K of chapter 59 of the laws of 2012, is amended to read as follows:

S 187-c. Biofuel production credit. A taxpayer shall be allowed a credit to be computed as provided in section [twenty-eight] THIRTY-EIGHT of this chapter, [as added by part X of chapter sixty-two of the laws of two thousand six,] against the tax imposed by this article. Provided, however, that the amount of such credit allowed against the tax imposed by section one hundred eighty-four of this article shall be the excess of the amount of such credit over the amount of any credit allowed by this section against the tax imposed by section one hundred eighty-three of this article. In no event shall the credit under this section be allowed in an amount which will reduce the tax payable to less than the applicable minimum tax fixed by section one hundred eighty-three or one hundred eighty-five of this article. If, however, the amount of the credit allowed under this section for any taxable year reduces the tax

1 to such amount, the excess shall be treated as an overpayment of tax to  
2 be credited or refunded in accordance with the provisions of section six  
3 hundred eighty-six of this chapter. Provided, however, the provisions of  
4 subsection (c) of section one thousand eighty-eight of this chapter  
5 notwithstanding, no interest shall be paid thereon. The tax credit  
6 allowed pursuant to this section shall apply to taxable years beginning  
7 before January first, two thousand twenty.

8 S 3. Section 187-c of the tax law, as amended by section 15 of part S  
9 of chapter 59 of the laws of 2014, is amended to read as follows:

10 S 187-c. Biofuel production credit. A taxpayer shall be allowed a  
11 credit to be computed as provided in section [twenty-eight] THIRTY-EIGHT  
12 of this chapter, [as added by part X of chapter sixty-two of the laws of  
13 two thousand six,] against the tax imposed by this article. Provided,  
14 however, that the amount of such credit allowed against the tax imposed  
15 by section one hundred eighty-four of this article shall be the excess  
16 of the amount of such credit over the amount of any credit allowed by  
17 this section against the tax imposed by section one hundred eighty-three  
18 of this article. In no event shall the credit under this section be  
19 allowed in an amount which will reduce the tax payable to less than the  
20 applicable minimum tax fixed by section one hundred eighty-three of this  
21 article. If, however, the amount of the credit allowed under this  
22 section for any taxable year reduces the tax to such amount, the excess  
23 shall be treated as an overpayment of tax to be credited or refunded in  
24 accordance with the provisions of section six hundred eighty-six of this  
25 chapter. Provided, however, the provisions of subsection (c) of section  
26 one thousand eighty-eight of this chapter notwithstanding, no interest  
27 shall be paid thereon. The tax credit allowed pursuant to this section  
28 shall apply to taxable years beginning before January first, two thou-  
29 sand twenty.

30 S 4. Subdivision 24 of section 210-B of the tax law, as added by  
31 section 17 of part A of chapter 59 of the laws of 2014, is amended to  
32 read as follows:

33 24. Biofuel production credit. [(a) General.] A taxpayer shall be  
34 allowed a credit, to be computed as provided in section [twenty-eight]  
35 THIRTY-EIGHT of this chapter [added as part X of chapter sixty-two of  
36 the laws of two thousand six], against the tax imposed by this article.  
37 The credit allowed under this subdivision for any taxable year shall not  
38 reduce the tax due for such year to less than the fixed dollar minimum  
39 amount prescribed in paragraph (d) of subdivision one of section two  
40 hundred ten of this article. However, if the amount of credit allowed  
41 under this subdivision for any taxable year reduces the tax to such  
42 amount or if the taxpayer otherwise pays tax based on the fixed dollar  
43 minimum amount, any amount of credit thus not deductible in such taxable  
44 year shall be treated as an overpayment of tax to be credited or  
45 refunded in accordance with the provisions of section one thousand  
46 eighty-six of this chapter. Provided, however, the provisions of  
47 subsection (c) of section one thousand eighty-eight of this chapter  
48 notwithstanding, no interest shall be paid thereon. The tax credit  
49 allowed pursuant to this section shall apply to taxable years beginning  
50 before January first, two thousand twenty.

51 S 5. Subsection (jj) of section 606 of the tax law, as amended by  
52 section 4 of part K of chapter 59 of the laws of 2012, is amended to  
53 read as follows:

54 (jj) Biofuel production credit. A taxpayer shall be allowed a credit  
55 to be computed as provided in section [twenty-eight] THIRTY-EIGHT of  
56 this chapter, [as added by part X of chapter sixty-two of the laws of

1 two thousand six,] against the tax imposed by this article. If the  
2 amount of the credit allowed under this subsection for any taxable year  
3 shall exceed the taxpayer's tax for such year, the excess shall be  
4 treated as an overpayment of tax to be credited or refunded in accord-  
5 ance with the provisions of section six hundred eighty-six of this arti-  
6 cle, provided, however, that no interest shall be paid thereon. The tax  
7 credit allowed pursuant to this section shall apply to taxable years  
8 beginning before January first, two thousand twenty.

9 S 6. This act shall take effect immediately, except that section three  
10 of this act shall take effect on the same date and in the same manner as  
11 section 15 of part S of chapter 59 of the laws of 2014 takes effect.