STATE OF NEW YORK

4930

2019-2020 Regular Sessions

IN ASSEMBLY

February 5, 2019

Introduced by M. of A. TAGUE -- read once and referred to the Committee on Ways and Means

AN ACT to amend the tax law, in relation to eliminating state sales and compensating use taxes on biodiesel products produced, processed and/or distributed in New York state and authorizing localities to eliminate such taxes at the local level

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

Section 1. Subdivision 1-a of section 289-c of the tax law is amended by adding a new paragraph (e) to read as follows:

(e) (i) Any person may exclude the amount of the tax or taxes imposed by this article on biodiesel products produced, processed and/or distributed in New York state from the selling price thereof if such biodiesel product is delivered to a filling station and placed in a storage tank of such filling station for such biodiesel product to be dispensed directly into a motor vehicle for use in the operation of such vehicle. Any person making a sale of such biodiesel product under the circumstances described herein, whereby the tax or taxes otherwise imposed by this article have not been passed through to the purchaser, shall be allowed a refund or credit of the taxes imposed by this article in the amount of such tax or taxes paid by such person on such biodiesel product being sold or included in the price paid by such person for such fuel. Claims for refunds or credits shall be presented, and refunds or credits shall be made, only as authorized by the commissioner under such rules and regulations as the commissioner may prescribe.

(ii) Any person may exclude the amount of the tax or taxes imposed by this article from the selling price with respect to any sale of such biodiesel product. Any person making a sale of such biodiesel product upon which such person does not pass on more than eighty percent of the taxes otherwise imposed by this article, where such person has purchased such biodiesel product with the entire amount of the taxes imposed by

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

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this article included in such person's purchase price, shall be entitled to a refund or credit equal to the amount of the tax or taxes paid under this article on such biodiesel product in excess of eighty percent of the tax or taxes imposed by this article on diesel motor fuel. Claims for refunds or credits shall be presented, and refunds or credits shall be made, only as authorized by the commissioner under such rules and regulations as the commissioner may prescribe.

(iii) Any person may exclude the amount of the tax or taxes imposed by this article on such biodiesel product from the selling price thereof. Any person making a sale of such biodiesel product, whereby the tax or taxes otherwise imposed by this article have not been passed through to the purchaser, shall be allowed a refund or credit of any taxes imposed by this article in the amount of such tax or taxes paid by such person on such biodiesel product being sold or included in the price paid by such person for such biodiesel product. Claims for refunds or credits shall be presented, and refunds or credits shall be made, only as authorized by the commissioner under such rules and regulations as the commissioner may prescribe.

§ 2. Section 300 of the tax law is amended by adding a new subdivision (t) to read as follows:

(t) The term "biodiesel" shall mean a diesel motor fuel substitute produced from nonpetroleum renewable resources that meets the registration requirements for fuels and fuel additives established by the Environmental Protection Agency under section 211 of the Clean Air Act (42 U.S.C. 7545) and that meets the American Society for Testing and Materials D6751-02a Standard Specification for Biodiesel Fuel (B100) Blend Stock for Distillate Fuels that has been produced, processed and/or distributed in New York state.

§ 3. Subdivision (a) of section 301-b of the tax law is amended by adding a new paragraph 9 to read as follows:

(9)(i) Biodiesel exemption. Biodiesel products imported or caused to be imported into this state or produced, refined, manufactured or compounded in this state by a petroleum business registered under article twelve-A of this chapter, as a distributor of diesel motor fuel, and then sold by such petroleum business.

(ii) Calculation of exemption. The amount of the exemption under this paragraph shall be determined by the applicable taxes otherwise imposed by this article on such fuel.

§ 4. Section 301-c of the tax law is amended by adding a new subdivision (q) to read as follows:

(q) Reimbursement for biodiesel products. (1) Biodiesel products purchased in this state and sold by such purchaser in this state where (i) the tax imposed pursuant to this article has been paid with respect to such biodiesel products and the entire amount of such tax has been absorbed by such purchaser, and (ii) such purchaser possesses documentary proof satisfactory to the commissioner evidencing the absorption by it of the entire amount of the tax imposed pursuant to this article. Provided, that the commissioner shall require such documentary proof to qualify for any reimbursement provided hereunder as the commissioner deems appropriate.

(2) Calculation of reimbursement. The amount of the reimbursement under this subdivision shall be determined by the amount of the applicable taxes otherwise imposed by this article on such fuel.

§ 5. Subdivision (b) of section 1101 of the tax law is amended by adding a new paragraph 39 to read as follows:

(39) Biodiesel. A diesel motor fuel substitute produced from nonpetroleum renewable resources that meets the registration requirements for fuels and fuel additives established by the Environmental Protection Agency under section 211 of the Clean Air Act (42 U.S.C. 7545) and that meets the American Society for Testing and Materials D6751-02a Standard Specification for Biodiesel Fuel (B100) Blend Stock for Distillate Fuels that has been produced, processed and/or distributed in New York state.

§ 6. Subdivision (b) of section 1107 of the tax law is amended by adding a new clause 12 to read as follows:

(12) Except as otherwise provided by law, the exemption provided in paragraph forty-five of subdivision (a) of section eleven hundred fifteen of this article relating to biodiesel products produced, processed and/or distributed in New York state shall be applicable pursuant to a local law, ordinance or resolution adopted by a city subject to the provisions of this section. Such city is empowered to adopt or repeal such a local law, ordinance or resolution. Such adoption or repeal shall also be deemed to amend any local law, ordinance or resolution enacted by such a city imposing taxes pursuant to the authority of subdivision (a) of section twelve hundred ten of this chapter.

§ 7. Subdivision (a) of section 1115 of the tax law is amended by adding a new paragraph 45 to read as follows:

(45) Biodiesel products produced, processed and/or distributed in New York state.

§ 8. Paragraph 1 of subdivision (a) of section 1210 of the tax law is amended by adding a new closing paragraph to read as follows:

Any local law, ordinance or resolution enacted by any city, county or school district, imposing the taxes authorized by this subdivision, shall omit the biodiesel products produced, processed and/or distributed in New York state exemption provided for in paragraph forty-five of subdivision (a) of section eleven hundred fifteen of this chapter, unless such city, county or school district elects otherwise; provided that if such a city having a population of one million or more enacts the resolution described in subdivision (p) of this section or repeals such resolution, such resolution or repeal shall also be deemed to amend any local law, ordinance or resolution enacted by such a city imposing such taxes pursuant to the authority of this subdivision, whether or not such taxes are suspended at the time such city enacts its resolution pursuant to subdivision (p) of this section or at the time of any such repeal; provided, further, that any such local law, ordinance or resolution and section eleven hundred seven of this chapter, as deemed to be amended in the event a city of one million or more enacts a resolution pursuant to the authority of subdivision (p) of this section, shall be further amended, as provided in section twelve hundred eighteen of this subpart, so that the biodiesel products produced, processed and/or distributed in New York state exemption in any such local law, ordinance or resolution or in such section eleven hundred seven is the same as the biodiesel products produced, processed and/or distributed in New York state exemption in paragraph forty-five of subdivision (a) of section eleven hundred fifteen of this chapter.

§ 9. Subdivision (d) of section 1210 of the tax law, as amended by section 4 of part WW of chapter 60 of the laws of 2016, is amended to read as follows:

(d) A local law, ordinance or resolution imposing any tax pursuant to this section, increasing or decreasing the rate of such tax, repealing or suspending such tax, exempting from such tax the energy sources and services described in paragraph three of subdivision (a) or of subdivi-

sion (b) of this section or changing the rate of tax imposed on such energy sources and services or providing for the credit or refund described in clause six of subdivision (a) of section eleven hundred nineteen of this chapter, or electing or repealing the exemption for residential solar equipment and electricity in subdivision (ee) of section eleven hundred fifteen of this article, or the exemption for commercial solar equipment and electricity in subdivision (ii) of section eleven hundred fifteen of this article, or electing or repealing the exemption for commercial fuel cell electricity generating systems equipment and electricity generated by such equipment in subdivision (kk) of section eleven hundred fifteen of this article must go into effect only on one of the following dates: March first, June first, September first or December first; provided, that a local law, ordinance or resolution providing for the exemption described in paragraph thirty of subdivision (a) of section eleven hundred fifteen of this chapter or repealing any such exemption or a local law, ordinance or resolution providing for a refund or credit described in subdivision (d) of section eleven hundred nineteen of this chapter or repealing such provision so provided must go into effect only on March first**; provided, further, that a local law, ordinance or resolution providing for the exemption described in paragraph forty-five of subdivision (a) of section eleven hundred fifteen of this chapter or repealing any such exemption so provided and a resolution enacted pursuant to the authority of subdivision (p) of this section providing such exemption or repealing such exemption so provided may go into effect immediately**. No such local law, ordinance or resolution shall be effective unless a certified copy of such law, ordinance or resolution is mailed by registered or certified mail to the commissioner at the commissioner's office in Albany at least ninety days prior to the date it is to become effective. However, the commissioner may waive and reduce such ninety-day minimum notice requirement to a mailing of such certified copy by registered or certified mail within a period of not less than thirty days prior to such effective date if the commissioner deems such action to be consistent with the commissioner's duties under section twelve hundred fifty of this article and the commissioner acts by resolution. Where the restriction provided for in section twelve hundred twenty-three of this article as to the effective date of a tax and the notice requirement provided for therein are applicable and have not been waived, the restriction and notice requirement in section twelve hundred twenty-three of this article shall also apply.

§ 10. Section 1210 of the tax law is amended by adding a new subdivision (p) to read as follows:

(p) Notwithstanding any other provision of state or local law, ordinance or resolution to the contrary:

(1) Any city having a population of one million or more in which the taxes imposed by section eleven hundred seven of this chapter are in effect, acting through its local legislative body, is hereby authorized and empowered to elect to provide the exemption from such taxes for the same biodiesel products produced, processed and/or distributed in New York state exempt from state sales and compensating use taxes described in paragraph forty-five of subdivision (a) of section eleven hundred fifteen of this chapter by enacting a resolution in the form set forth in paragraph two of this subdivision; whereupon, upon compliance with the provisions of subdivisions (d) and (e) of this section, such enactment of such resolution shall be deemed to be an amendment to such section eleven hundred seven and such section eleven hundred seven shall

be deemed to incorporate such exemption as if it had been duly enacted by the state legislature and approved by the governor.

(2) Form of Resolution: Be it enacted by the (insert proper title of local legislative body) as follows:

Section one. Receipts from sales of and consideration given or contracted to be given for purchases of biodiesel products produced, processed and/or distributed in New York state exempt from state sales and compensating use taxes pursuant to paragraph forty-five of subdivision (a) of section eleven hundred fifteen of the tax law shall also be exempt from sales and compensating use taxes imposed in this jurisdiction.

Section two. This resolution shall take effect, (insert the date) and shall apply to sales made and uses occurring on and after that date although made or occurring under a prior contract.

§ 11. The commissioner of taxation and finance is hereby authorized to implement the provisions of this act with respect to the elimination of the imposition of sales tax, additional taxes, and supplemental taxes on biodiesel products produced, processed and/or distributed in New York state and all other taxes so addressed by this act.

§ 12. This act shall take effect April 1, 2020.